

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA**

**Financial Report
For the Year Ended June 30, 2010**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/19/11

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Financial Report
For The Year Ended June 30, 2010

Table of Contents

	<u>Page</u>
Independent Auditors' Report -----	1
Required Supplemental Information (Part A)	
Management's Discussion and Analysis (MD & A) -----	5
Basic Financial Statements	
Government-Wide Financial Statements (GWFS):	
Governmental Activities:	
Statement of Net Assets -----	16
Statement of Activities -----	17
Fund Financial Statements (FFS):	
Governmental Funds:	
Balance Sheet -----	19
Reconciliation of the Governmental Funds' Balance Sheet to the Statement of Net Assets -----	20
Statement of Revenues, Expenditures, and Changes in Fund Balances -----	22
Reconciliation of the Governmental Funds' Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities -----	23
Fiduciary Fund – Agency Funds:	
Statement of Assets and Liabilities -----	26
Notes to the Basic Financial Statements -----	27
Required Supplemental Information (Part B)	
Budgetary Comparison Schedules:	
General Fund -----	58
Title I -----	59
2001 Sales Tax -----	60
Notes to Budgetary Comparison Schedules -----	61

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Financial Report
For The Year Ended June 30, 2010

Table of Contents

Page

Supplemental Information

Non-major Funds:

Combining Balance Sheet -----	66
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance -----	67

Special Revenue Funds:

Balance Sheet -----	68
Schedule of Revenues, Expenditures and Changes in Fund Balances -----	69

Debt Service Funds:

Combining Balance Sheet -----	71
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -----	72

Capital Projects Funds:

Combining Balance Sheet -----	74
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances -----	75

Other Supplementary Data

Schedule of Compensation Paid Board Members -----	77
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CITY OF MONROE SCHOOL BOARD
Monroe, LA

Financial Report
For The Year Ended June 30, 2010

Table of Contents

Page

Supplementary Information -
Grant Activity

Report on Internal Control Over Financial Reporting and Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> -----	79
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133 -----	81
Schedule of Expenditures of Federal Awards -----	83
Notes to Schedule of Expenditures of Federal Awards -----	85
Schedule of Findings and Questioned Costs -----	86
Summary Status of Prior Year Findings -----	90
 Other Information	
Independent Auditors' Report on Applying Agreed-Upon Procedures -----	94
Schedule Descriptions -----	97
Schedule 1 – General Fund Instructional and Support Expenditures and Certain Local Revenue Sources -----	99
Schedule 2 – Education Levels of Public School Staff -----	100
Schedule 3 – Number and Type of Public Schools -----	101
Schedule 4 – Experience of Public Principals and Full-Time Classroom Teachers -----	102
Schedule 5 – Public School Staff Data -----	103

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Financial Report
For The Year Ended June 30, 2010

Table of Contents

	<u>Page</u>
Schedule 6 – Class Size Characteristics -----	104
Schedule 7 – Louisiana Educational Assessment Program (LEAP) for the 21 st Century -----	105
Schedule 8 – The Graduation Exit Exam (GEE) for the 21 st Century -----	107
Schedule 9 – The iLeap Tests -----	108

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INDEPENDENT AUDITORS' REPORT

City of Monroe School Board Monroe, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **City of Monroe School Board** (the School Board) as of and for the year ended June 30, 2010, which collectively comprise the School Board's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide* issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Monroe School Board, as of June 30, 2010, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2010 on our consideration of the School Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that

**City of Monroe School Board
Independent Auditors' Report**

testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The "Management's Discussion and Analysis" presented on pages 5 through 13 and the "Budgetary Comparison Schedules", presented on pages 58 through 60 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Monroe School Board's basic financial statements. The accompanying Supplemental Information, other supplementary data and supplementary grant activity as listed in the Table of Contents, including the Schedule of Expenditures of Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Stuffer, Huffman, Reynolds & Sisson

(A Professional Accounting Corporation)

December 30, 2010

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2010

We offer readers of the City of Monroe School Board's financial statements this narrative overview and analysis of the financial activities of the City of Monroe School Board for the fiscal year ended June 30, 2010. It is designed to assist the reader in focusing on significant financial issues and identifying changes in the School Board's financial position.

Financial Highlights

The City of Monroe School Board ended the 2009-2010 fiscal year with a fund balance in the General Fund of approximately \$15 million.

Other financial highlights for the 2009-10 fiscal year include the following:

- Statement of Net Assets – The assets of the City of Monroe School Board exceeded its liabilities at the close of the most recent fiscal year by \$36.3 million (net assets).
- Capital Assets – Total capital assets (net of depreciation) were \$62.3 million or 56% of the total assets. The City of Monroe School Board uses these assets to provide educational services to children and adults; consequently, these assets are not available for future spending.
- Long-Term Obligations – The School Board's total obligations increased by approximately \$13 million.
- Statement of Activities – The total net assets of the City of Monroe School Board increased by \$1.0 million for the year ended June 30, 2010.
- Governmental Funds Balance Sheet – As of the close of the 2009-2010 fiscal year, the City of Monroe School Board's governmental funds reported combined ending fund balance of \$37.4 million, an increase of approximately \$13.4 in comparison with the prior fiscal year. This fund balance is comprised of approximately (1) \$15 million in General Fund, (2) \$5 million in the debt service funds, and (3) \$17.4 million in the remaining special revenue and capital projects funds.
- Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances – Total revenues for the year ended June 30, 2010 for the governmental funds of the City of Monroe School Board amounted to \$109 million. Approximately 74.3% of this amount is received from three major revenue sources: (1) \$41.5 million from Minimum Foundation Program, (2) \$14.5 million from local ad valorem taxes, and (3) \$25 million from local sales and use taxes.

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2010

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the district's basic financial statements. The City of Monroe School Board's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Monroe School Board's finances, in a manner similar to a private-sector business.

- The Statement of Net Assets presents information on all of the district's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Monroe School Board is improving or deteriorating.
- The Statement of Activities presents information showing how the School Board's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Monroe School Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the City of Monroe School Board can be divided into two categories: governmental funds and fiduciary funds.

- *Governmental funds.* Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources at the end of the fiscal year. Such information may be useful in evaluating the City of Monroe School Board near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Monroe School Board's near-term financing decision. Both the

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2010

governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Monroe School Board maintains sixteen governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, Title 1 and 2001 Sales Tax all of which are considered to be major funds. Data for the other fourteen governmental fund groups are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Monroe School Board adopts an annual appropriated budget for its General Fund and all Special Revenue Funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the City of Monroe School Board. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Monroe School Board's own programs. The School Board maintains one fiduciary fund named the School Activity Fund.

Notes to the basic financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School Board's compliance with budgets for its major funds. The combining statements for non-major governmental funds are presented immediately following the required supplementary information.

Financial Analysis of Government-wide Activities

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Monroe School Board, assets exceed liabilities by \$36.3 million at the close of the most recent fiscal year.

The largest portion of the City of Monroe School Board's total assets totaling approximately \$111 million reflects its investment in capital assets of \$62.3 million (e.g. land, buildings, machinery, and equipment). The School Board uses these capital assets to provide educational services to children and adults; consequently, these assets are not available for future spending. Although the City of Monroe School Board's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2010

from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Monroe School Board's Net Assets

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Current and other assets	\$ 49,019,363	\$ 35,169,397
Capital assets	<u>62,288,508</u>	<u>61,711,411</u>
Total assets	\$ <u>111,307,871</u>	\$ <u>96,880,808</u>
Current and other liabilities	\$ 11,799,635	\$ 11,362,154
Long-term liabilities	<u>63,252,775</u>	<u>50,286,315</u>
Total liabilities	\$ <u>75,052,410</u>	\$ <u>61,648,469</u>
Invested in capital assets, net of related debt	\$ 16,508,508	\$ 22,541,411
Restricted	18,380,584	8,389,931
Unrestricted	<u>1,366,369</u>	<u>4,300,997</u>
Total net assets	\$ <u><u>36,255,461</u></u>	\$ <u><u>35,232,339</u></u>

Restricted net assets of \$18.4 million are reported separately to show the legal constraints for the payment of outstanding long-term debt obligations and future construction projects and to limit the School Board from using these funds for day-to-day operations. Debt Service Funds account for \$4.9 million of the total, with capital projects accounting for \$12.0 million. The remaining balance is monies restricted for salaries and benefits.

Governmental activities increased the City of Monroe School Board's net assets by \$1.0 million. Key elements of this increase are as follows:

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2010

City of Monroe School Board's Changes in Net Assets

	<u>Year Ended June 30, 2010</u>	<u>Year Ended June 30, 2009</u>
Revenues		
Program revenues		
Charges for services	\$ 238,076	\$ 249,261
Operating and capital grants & contributions	26,620,685	21,795,883
General revenues		
Ad valorem taxes	14,505,237	13,623,137
Sales taxes	25,009,684	24,694,967
Minimum Foundation Program	41,486,123	42,832,323
Interest on investments	88,922	293,240
Other general revenues	814,459	721,263
Total revenues	<u>108,763,186</u>	<u>104,210,074</u>
Expenses		
Instruction	61,586,669	62,799,998
Support services		
Pupil Support Services	6,123,050	5,877,983
Instructional Staff Support	6,475,818	5,961,101
General administration	3,161,740	2,545,973
School administration	4,793,648	4,589,723
Business services	1,625,331	1,462,362
Plant services	7,639,111	8,343,511
Student transportation services	3,620,331	3,514,559
Central services	3,714,276	4,197,207
School food services	6,003,201	5,793,911
Facility acquisition and construction	1,135,640	2,385,792
Debt service - interest on long-term obligations	<u>1,861,249</u>	<u>1,980,267</u>
Total expenses	<u>107,740,064</u>	<u>109,452,387</u>
Increase (decrease) in net assets	<u>\$ 1,023,122</u>	<u>\$ (5,242,313)</u>

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2010

Governmental Activities

Expenses are classified by functions/programs. Instructional services for fiscal 2010 totaled \$61,586,669, compared to a total of \$62,799,998 for 2009. The remaining functions are considered support services and relate to those functions that support the instructional services provided, such as pupil support, instructional staff support, administration, transportation, food services, and plant services. Support services for fiscal 2010 totaled \$43,156,506 compared to \$42,286,330 for 2009.

The remaining expenditures of \$9,000,090 consist of \$1,135,640 for facility acquisition and construction, \$6,003,201 food and service operations and \$1,861,249 of interest expense on long-term obligations.

The related program revenues for fiscal year 2010 directly related to these expenses totaled \$26,620,685, along with \$238,076 in charges for such services. The balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- **Minimum Foundation Program (MFP)** – MFP is the funding formula for the 69 school districts in the state of Louisiana. The School Board received \$41,486,123 in MFP funds in 2009-2010. This amounts to 38% of the total revenues received by the School Board.
- **Sales Tax revenues** – sales tax revenues are the second largest source of revenue for the School Board, generating \$25,009,684 in revenue, or 23% of total revenue.
- **Ad Valorem tax revenues** – Ad valorem, or property tax revenues, the third largest source of revenues, accounts for 13% of total revenues or \$14,505,237.

Financial Analysis of Governmental Funds

As noted earlier, the City of Monroe School Board uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City of Monroe School Board's government funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Monroe School Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a School Board's net resources available for spending at the end of the fiscal year.

- As of the close of the current fiscal year, the City of Monroe School Board's governmental funds reported a combined ending fund balance of \$37,397,307 an increase of \$13,417,302 in comparison with the prior fiscal year.

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2010

- The General Fund is the chief operating fund of the City of Monroe School Board. At the end of the current fiscal year, the fund balance of the General Fund was \$15,008,745.
- The Debt Service Funds have a total fund balance of \$4,953,967 all of which is reserved for the payment of debt service.
- The Capital Projects Funds have a fund balance of \$12,029,521 all of which is reserved for construction projects.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA-R.S 39:1301 et seq), the City of Monroe School Board must adopt a budget for the General Fund and all Special Revenue funds prior to September 15th. The original budget for the School Board was adopted on June 09, 2009.

The original General Fund Budget projected an ending fund balance of \$8 million, with the amended budget projecting to end the year with a positive balance of \$11.6 million. The actual ending balance for the General Fund came in at \$14.9 million. Expenses came in lower than projected in virtually all functional categories

Capital Assets and Debt Administration

Capital Assets: The City of Monroe School Board's investment in capital assets as of June 30, 2010, amounts to \$62,288,508 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, and construction in progress. The table below shows the value at the end of the fiscal year.

**City of Monroe School Board's Capital Assets
(Net of depreciation)**

	<u>2010</u>	<u>2009</u>
Land	\$ 1,669,547	\$ 1,490,547
Buildings and improvements	54,156,823	55,084,582
Furniture and equipment	4,551,385	4,876,847
Construction in progress - buildings	<u>1,910,753</u>	<u>259,435</u>
Total	<u>\$ 62,288,508</u>	<u>\$ 61,711,411</u>

**CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis**

For The Year Ended June 30, 2010

Long-Term Debt

**City of Monroe School Board Outstanding Debt
As of June 30, 2010**

	<u>Balance</u> <u>June 30, 2010</u>	<u>Balance</u> <u>June 30, 2009</u>
School Refunding Bonds		
Series 2001	\$ 10,215,000	\$ 12,450,000
Series 2003	10,785,000	12,625,000
 Sales Tax Bonds		
Series 2001	8,915,000	9,430,000
Series 2002	4,365,000	4,665,000
 Revenue Bonds		
Series 2009	10,000,000	-
 Certificates of Indebtedness		
Series 2006	750,000	1,099,000
Series 2008	1,406,660	1,582,450
Series 2008	<u>1,500,000</u>	<u>-</u>
 Total	 \$ <u>47,936,660</u>	 \$ <u>41,851,450</u>

Sales Tax Revenue Bonds 2001 & 2002 issues were issued for the purpose of capital improvements including classroom additions, junior high school gymnasiums, improvements to high school stadiums, three high school all-weather tracks, and other improvements as determined.

In 2007-2008 the District participated in the Qualified Zone Academy Bond Program (QZAB) for a total issuance of \$1.5 million. The funds will be used to fund school projects such as roof repairs, lockers, HVAC repairs and miscellaneous other improvement projects.

The District again participated in the Qualified Zone Academy Bond (QZAB) program in 2009-2010, borrowing an additional \$1.5 million. Among the funded projects are window & door replacement at Neville, HVAC work, and playground equipment.

Additionally, during the 2009-2010 fiscal year, the District participated in the Qualified School Construction Bond (QSCB) program. The District issued \$10 million in Bonds to fund the constructions of Gyms at Lee Jr. High and Wossman High School. Additionally, the proceeds

CITY OF MONROE SCHOOL BOARD
Management's Discussion and Analysis

For The Year Ended June 30, 2010

from the Bond issuance was used to partially fund the construction of a Field house at Neville High School. Other long-term liabilities include accrued vacation pay and sick leave as well as other post employment benefits. Details about long-term obligations are presented in the notes to the financial statements.

Future Operations

The district established a goal of having a fund balance equal to 15% of the General Fund budget. This goal has been met and exceeded at the end of the current fiscal year. Maintaining this balance will create significant challenges as the district continues to see a noticeable decline in federal and state funding. The loss of Stimulus Funding (ARRA) will likely mean that maintaining the current level of services will be unlikely. The District has enjoyed an increase in the number of students attending our district during the last year. This increase in student enrollment will positively impact the General Fund budget as increased student count results in increased funding through the State's Minimum Foundation Program. State Minimum Foundation Program Funding, which accounts for 38% of total revenue, is largely based on the number of students served by the District. Even though the district has met the goal for the fund balance, commitment remains to having a district that provides a quality education, while remaining fiscally sound.

The increased cost of health insurance for School Board employees and the employer's share of retirement contributions continue to be areas of concern. Additionally, the increased cost of fuel for school buses and the cost of utilities are threats due to the high cost of oil and gas.

Additionally, the District will face many challenges to maintain services due to the loss of stimulus funding and other state and federal programs.

Increased Health insurance costs:

The City of Monroe School Board participates in the state managed health care program. The School Board incurs expenses for its portion of employees health care cost. The State Group health care program continues to incur significant premium increases each year, even though the percentage increase has lowered in recent years. Also, the cost of health insurance coverage for retirees of the school district continues to rise at an alarming rate due to increased premiums and increased number of retirees.

Contacting the School Board's Financial Management

If you have questions about this report or need additional financial information, contact Derenda Flowers, Chief Financial Officer of the City of Monroe School Board, P. O. Box 4180, Monroe, LA 71211-4180, or call at (318) 325-0601.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

**City of Monroe School Board
Monroe, Louisiana**

**Statement of Net Assets
Governmental Activities**

June 30, 2010

Assets	
Cash and cash equivalents	\$ 35,001,174
Investments	250,000
Receivables	
Ad valorem taxes	52,379
Sales and use taxes	4,042,445
Federal grants	7,498,327
State grants	87,799
Other	364,562
Bond issuance costs, net	373,878
Inventory	364,377
Other assets	984,422
Capital assets, net	
Land	1,669,547
Buildings and improvements	54,156,823
Furniture and equipment	4,551,385
Construction in progress	1,910,753
Total assets	<u>111,307,871</u>
Liabilities	
Accounts payable	1,286,716
Salaries and wages payable	9,952,187
Deferred revenue	9,274
Interest payable - bonds	551,458
Long-term liabilities	
Due within one year	5,887,755
Due in more than one year	57,365,020
Total liabilities	<u>75,052,410</u>
Net assets	
Invested in capital assets, net of related debt	16,508,508
Restricted for	
Capital projects	12,029,522
Debt service	4,927,380
Salaries and related benefits	1,423,682
Unrestricted	1,366,369
Total net assets	<u>\$ 36,255,461</u>

See accompanying notes to the basic financial statements

**City of Monroe School Board
Monroe, Louisiana**

**Statement of Activities
Governmental Activities**

For the Year Ended June 30, 2010

	EXPENSES	PROGRAM REVENUES			NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Functions/programs					
Current					
Instructional services					
Regular programs	\$ 30,074,697	\$ -	\$ 1,227,817	\$ -	(28,846,880)
Special education programs	14,105,981	-	2,332,892	-	(11,773,089)
Vocational programs	1,155,568	-	398,402	-	(757,166)
Other instructional programs	6,842,376	30,160	1,903,193	-	(4,909,023)
Special programs	8,856,798	-	8,311,435	-	(545,363)
Adult/continuing education	551,249	-	149,288	-	(401,961)
Support services					
Pupil support services	6,123,050	-	2,548,056	-	(3,574,994)
Instructional staff support services	6,475,818	-	4,059,711	-	(2,416,107)
General administration	3,161,740	-	1,143	-	(3,160,597)
School administration	4,793,648	-	660,899	-	(4,132,749)
Business services	1,625,331	-	47,293	-	(1,578,038)
Plant services	7,639,111	-	13,728	61,990	(7,563,393)
Student transportation services	3,620,331	-	223,593	-	(3,396,738)
Central services	3,714,276	-	76,185	-	(3,638,091)
Noninstructional services					
Food service operations	6,003,201	207,916	4,542,641	-	(1,252,644)
Facility acquisition and construction	1,135,640	-	-	62,419	(1,073,221)
Debt service					
Interest on long-term obligations	1,861,249	-	-	-	(1,861,249)
Total Governmental Activities	\$ 107,740,064	\$ 238,076	\$ 26,496,276	\$ 124,409	\$ (80,881,303)
General revenues					
Taxes					
Ad valorem taxes levied for					
General purposes					9,679,622
Debt service purposes					4,825,615
Sales taxes levied for					
General purposes					9,578,173
Salaries and related benefits					15,431,511
Grants and contributions not restricted to specific programs					
Minimum foundation program					41,486,123
State revenue sharing					298,850
Interest and investment earnings					88,922
Gain or (loss) on disposals of assets					6,282
Other					509,327
Total general revenues					81,904,425
Changes in net assets					
Net assets at beginning of year					1,023,122
					35,232,339
Net assets at end of year					\$ 36,255,461

See accompanying notes to the basic financial statements.

FUND FINANCIAL STATEMENTS (FFS)

**City of Monroe School Board
Monroe, Louisiana**

**GOVERNMENTAL FUNDS
BALANCE SHEET**

June 30, 2010

	MAJOR FUNDS				AGGREGATE REMAINING FUNDS	
	GENERAL FUND	SPECIAL REVENUE		CAPITAL PROJECTS	OTHER GOVERNMENTAL	TOTAL
		TITLE I	2001 SALES TAX	QSCB		
Assets						
Cash and cash equivalents	\$ 13,870,648	\$ -	\$ 1,720,706	\$ 9,307,763	\$ 10,102,057	\$ 35,001,174
Investments	250,000	-	-	-	-	250,000
Accounts receivable	625,344	3,268,917	2,230,192	-	5,921,060	12,045,513
Due from other funds	6,541,006	-	-	25,000	-	6,566,006
Inventory	188,675	-	-	-	175,702	364,377
Other assets	943,096	3,288	700	-	37,337	984,421
Total assets	\$ 22,418,769	\$ 3,272,205	\$ 3,951,598	\$ 9,332,763	\$ 16,236,156	\$ 55,211,491
Liabilities and fund balances						
Liabilities						
Accounts payable	\$ 373,009	\$ 29,190	\$ 65,132	\$ 407,437	\$ 411,947	\$ 1,286,715
Salaries and wages payable	6,480,818	633,425	536,944	-	2,301,001	9,952,188
Due to other funds	556,197	2,609,590	205,848	-	3,194,371	6,566,006
Deferred revenue and other liabilities	-	-	-	-	9,275	9,275
Total liabilities	7,410,024	3,272,205	807,924	407,437	5,916,594	17,814,184
Fund balances						
Reserved for inventory and prepaids	1,131,771	-	-	-	175,702	1,307,473
Reserved for salaries and related benefits	-	-	-	-	1,423,682	1,423,682
Reserved for debt service	-	-	-	-	4,953,967	4,953,967
Reserved for capital projects	-	-	-	8,925,326	3,104,195	12,029,521
Unreserved						
Unreserved/undesignated reported in						
General Fund	13,876,974	-	-	-	-	13,876,974
Special Revenue Funds	-	-	3,143,674	-	662,016	3,805,690
Total fund balances	15,008,745	-	3,143,674	8,925,326	10,319,562	37,397,307
Total liabilities and fund balances	\$ 22,418,769	\$ 3,272,205	\$ 3,951,598	\$ 9,332,763	\$ 16,236,156	\$ 55,211,491

See accompanying notes to the basic financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

**Reconciliation of the Governmental Funds'
Balance Sheet to Statement of Net Assets**

For the Year Ended June 30, 2010

Total fund balances - governmental funds \$ 37,397,307

The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in Governmental Funds. The Statement of Net Assets includes those capital assets among the assets of the School Board as a whole. The cost of those capital assets is allocated over their estimated useful lives (as depreciation expense) to the various programs reported as Governmental Activities in the Statement of Activities. Because depreciation expense does not affect financial resources, it is not reported in governmental funds.

Cost of capital assets	\$ 100,100,868	
Accumulated depreciation	<u>(37,812,360)</u>	62,288,508

The costs associated with issuing bonds are reported as expenditures in the Governmental Funds. The issuance costs are not considered financial resources in the Statement of Net Assets; therefore, the costs are reported on the Statement of Net Assets as an asset net of accumulated amortization.

Bond issuance cost	899,630	
Less accumulated amortization	<u>(525,751)</u>	373,879

Elimination of interfund assets and liabilities

Interfund assets	(6,566,006)	
Interfund liabilities	6,566,006	

See accompanying notes to the basic financial statements.

(Continued)

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Balance Sheet to Statement of Net Assets (Concluded)

For the Year Ended June 30, 2010

Long-term liabilities applicable to the School Board's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities - both current and long-term- are reported in the Statement of Net Assets.

Balances at June 30, 2010 are

Long-term liabilities		
Compensated absences payable	(1,156,231)	
General obligation bonds payable	(21,000,000)	
Sales tax bonds payable	(13,280,000)	
Revenue bonds payable	(10,000,000)	
Certificates of indebtedness	(3,656,600)	
Other post employment benefits	(14,605,031)	
Deferred amount on refunding	569,160	
Bond premium	<u>(124,073)</u>	(63,252,775)

Interest on outstanding bonds in the Governmental Funds is recorded as an expenditure when paid. Bond interest in the Statement of Net Assets is recognized as an expense as it accrues.

Accrued interest on outstanding bonds		<u>(551,458)</u>
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Net Assets		<u>\$ 36,255,461</u>
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See accompanying notes to the basic financial statements.

City of Monroe School Board
Monroe, Louisiana

GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES

For the Year Ended June 30, 2010

	MAJOR FUNDS				AGGREGATE REMAINING FUNDS OTHER GOVERNMENTAL	TOTAL
	GENERAL FUND	SPECIAL REVENUE		CAPITAL PROJECTS		
		TITLE I	2001 SALES TAX	QSCB		
REVENUES						
Local sources						
Ad valorem taxes	\$ 9,679,622	\$ -	\$ -	\$ -	\$ 4,825,615	\$ 14,505,237
Sales and use taxes	-	-	13,452,106	-	11,557,578	25,009,684
Earnings on investments	43,942	-	2,751	13,907	28,323	88,923
Cash payments for meals	-	-	-	-	207,916	207,916
Other local revenue	559,969	-	-	-	63,565	623,534
State sources						
State equalization	41,086,123	-	-	-	400,000	41,486,123
Revenue sharing	298,850	-	-	-	-	298,850
Other Restricted revenue	250,033	-	-	-	1,181,465	1,431,498
Federal sources						
Federal Restricted grants-in-aid	272,294	9,026,698	-	-	15,765,077	25,064,069
Total revenues	\$ 52,190,833	\$ 9,026,698	\$ 13,454,857	\$ 13,907	\$ 34,020,539	\$ 108,715,834
EXPENDITURES						
Current						
Instructional services						
Regular programs	18,346,177	57,975	3,540,963	-	5,696,402	27,641,517
Special education programs	8,143,202	65	1,311,744	-	3,708,331	13,163,342
Vocational programs	447,377	-	74,806	-	540,972	1,063,155
Other instructional programs	3,415,425	238,781	538,744	-	2,186,352	6,379,302
Special programs	637,744	5,171,862	112,016	-	2,290,783	8,212,405
Adult/Continuing education programs	242,853	-	40,811	-	225,504	509,168
Support services						
Pupil support services	2,289,038	653,358	293,389	-	2,474,798	5,712,583
Instructional staff support	1,451,623	2,044,110	152,239	-	2,333,647	5,981,619
General administration	2,366,134	-	337,313	8,315	239,550	2,951,312
School administration	2,931,749	37,144	313,508	2,602	1,192,170	4,477,173
Business services	990,604	8,253	317,513	-	197,118	1,513,488
Plant services	4,755,285	9,866	1,523,325	-	742,827	7,031,303
Student transportation services	2,453,121	48,700	328,913	-	359,210	3,189,944
Central services	961,849	-	1,467,071	-	448,646	2,877,566
Noninstructional services						
Food service operations	176,702	-	360,846	-	5,024,738	5,562,286
Debt service						
Principal	-	-	524,850	-	4,890,000	5,414,850
Interest	18,750	-	40,990	21,111	1,688,334	1,769,185
Capital Outlay	564,891	-	339,086	1,077,664	1,414,045	3,395,686
Total expenditures	\$ 50,182,524	\$ 8,272,114	\$ 11,618,127	\$ 1,109,692	\$ 35,653,427	\$ 106,845,884
Excess (deficiency) of revenues over expenditures	1,998,309	754,584	1,836,730	(1,095,785)	(1,623,888)	1,869,950
OTHER FINANCING SOURCES (USES)						
Sale of assets	6,282	-	-	-	-	6,282
Judgments	41,070	-	-	-	-	41,070
Proceeds from the issuance of debt	-	-	-	10,000,000	1,500,000	11,500,000
Transfers in	1,517,157	-	-	21,111	1,752,972	3,291,240
Transfers out	(226,004)	(754,584)	(1,500,077)	-	(810,575)	(3,291,240)
Total other financing sources (uses)	1,338,505	(754,584)	(1,500,077)	10,021,111	2,442,397	11,547,352
Net change in fund balances	3,336,814	-	336,653	8,925,326	818,509	13,417,302
Fund balances at beginning of year	11,671,931	-	2,807,021	-	9,501,053	23,980,005
Fund balances at end of year	\$ 15,008,745	\$ -	\$ 3,143,674	\$ 8,925,326	\$ 10,319,562	\$ 37,397,307

See accompanying notes to the basic financial statements.

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

**Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities**

For the Year Ended June 30, 2010

Total net change in fund balances - Governmental Funds \$ 13,417,302

Amounts reported for governmental activities in the Statement of Activities are different because:

Elimination of operating transfers in and out:

Transfers in	\$ (3,291,240)	
Transfers out	<u>3,291,240</u>	-

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceed capital outlays in the period:

Capital Outlays	3,445,734	
Depreciation	<u>(2,868,636)</u>	577,098

Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. 5,414,850

Proceeds from issuance of debt is a financing source in the Governmental Funds, but is an increase in liabilities in the Statement of Net Assets. (11,500,000)

(Continued)

See accompanying notes to the basic financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities (Continued)

For the Year Ended June 30, 2010

The costs associated with issuing bonds are reported as expenditures in the Governmental Funds. The issuance costs do not require the use of current financial resources; therefore, the costs are amortized over the life of the bond issue in the Statement of Activities. For the year ended June 30, 2010, there were no bond issuance costs.

Amortization of bond issuance cost	(64,948)
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In the Statement of Activities, certain operating expenses - compensated absences (vacations and sick leave) - are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, vacation and sick time used (\$1,608,728) exceeded the amounts earned (\$962,626).

646,103

The deferred amount on refunding of bonded debt is shown as a reduction of long-term debt, however, the amount is amortized over the lesser of the life of the original bonds or the life of the refunding bonds.

Current year amortization	(113,832)
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Other post employment benefits are reported in the Governmental funds as expenditures when paid. The unfunded annual contribution is reported in the Statements of Activities as it accrues.

(7,440,167)

(Continued)

See accompanying notes to the basic financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Reconciliation of the Governmental Funds'
Statement of Revenues, Expenditures and Changes in
Fund Balances to the Statement of Activities (Concluded)

For the Year Ended June 30, 2010

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because accrued interest received from bond sales is recognized as Other Financing Sources when received and interest on outstanding bonds is recognized as an expenditure in the governmental funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expenses are recognized as the interest accrues, regardless of when it is due.

Interest expense payable as of June 30, 2010	(551,458)	
Interest expense payable as of June 30, 2009	<u>611,587</u>	60,129

Bond premium from bond sales is reported in the Governmental Funds as Other Financing Sources when received. Bond premium is reported in the Government-wide Financial Statements as a liability and amortized over the life of the bonds.

Current year bond premium amortization	<u>26,587</u>	
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Change in net assets of governmental activities	\$ <u>1,023,122</u>	
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See accompanying notes to the basic financial statements.

**City of Monroe School Board
Monroe, Louisiana**

**Statement of Assets and Liabilities
Fiduciary Fund Type - Agency Funds
School Activity Funds**

June 30, 2010

ASSETS

Cash and cash equivalents	\$ 424,712
Certificates of deposit	<u>201,018</u>
Total assets	<u>\$ 625,730</u>

Liabilities and fund balances

Liabilities:

Amounts held for other organizations	\$ <u>625,730</u>
Total liabilities	<u>\$ 625,730</u>

See accompanying notes to the basic financial statements.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

Note 1 - Summary of Significant Accounting Policies

ORGANIZATION

The City of Monroe School Board (the School Board) is governed by a seven-member board, each of whom is elected from a single member district. It operates under the authority of the City of Monroe Charter of 1900, as amended by the Mayor-Council Home Rule Charter for the City of Monroe, adopted in August 1979. The School Board is authorized to establish and operate public schools within the City of Monroe.

The School Board is composed of a central office, 20 schools and 2 support facilities. The School Board serves approximately 8,600 students. The School Board employs approximately 1,490 persons of which over 820 are directly involved in the instructional process. *The remainder provides ancillary support such as general administration, repair and maintenance, bus transportation and food service.* The regular school term normally begins during the latter half of August and runs until the end of May.

A. Financial Reporting Entity

The School Board is the basic level of government which has oversight responsibility and control over all activities related to public school education in the City of Monroe. The School Board receives funding from Federal, state and local sources and must comply with the requirements of those funding source entities. However, the School Board is not included in any other governmental reporting entity as defined by Governmental Accounting Standards Board (GASB) Statement No. 14 *The Reporting Entity*, since the members of the School Board are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. Therefore, the School Board is a separate governmental reporting entity. For financial reporting purposes, the School Board's financial statements include all funds, school, agencies and committees for which the School Board is financially accountable. The School Board is not aware of any other entities that should be included within the financial statements.

Certain units of local government, such as other independently elected officials, the parish police jury and municipalities, are excluded from the accompanying financial statements. These units have their own elected governing authorities and are not financially accountable to the School Board.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

B. Fund Accounting

The financial transactions of the School Board are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that includes its assets, liabilities, fund equity, revenues and expenditures/expenses. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The School Board uses the following fund categories and fund types:

Governmental Funds

Governmental funds account for the School Board's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

Governmental funds are divided into major and nonmajor funds. Major funds are funds that meet certain dollar tests of their assets, liabilities, revenues and expenditures. Major funds are larger, more significant funds. Nonmajor funds are the governmental funds that do not meet the dollar tests for major funds. The major and nonmajor funds are described below.

Major Funds:

General Fund - The General Fund is the general operating fund of the School Board. It accounts for all financial resources except those required to be accounted for in another fund. The General Fund is always a major fund.

Special Revenue Funds - Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following Special Revenue Funds are major funds:

Title I of the Elementary and Secondary Education Act (ESEA) is a federally financed program which provides for the needs of children who are at risk of not meeting challenging academic standards and who reside in areas of high concentrations of children from low-income families.

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

2001 Sales Tax Fund accounts for the collection and distribution of the sales tax levies to provide additional support to the school system to include funding of capital improvements and employee salaries.

Capital Projects Funds – Capital Projects Funds account for financial resources used for the acquisition or construction of major capital facilities and improvements. The following Capital Projects Fund is a major fund:

The QSCB (Qualified School Construction Bonds) Fund accounts for proceeds from the issuance of \$10,000,000 of Revenue Bonds for the purpose of construction, rehabilitation or repair of public school facilities and equipping of school facilities.

Nonmajor Funds:

The School Board has 8 nonmajor Special Revenue Funds, 2 nonmajor Debt Service Funds and 3 nonmajor Capital Projects Funds. For a description of these funds, see the Nonmajor Funds section of this report.

Fiduciary Funds

Agency Funds – The Agency Funds account for assets held by the School Board in a trustee capacity or as an agent for individuals, private or school organizations, other governmental units and/or other funds. The School Activity Fund accounts for all individual school activity funds. While these funds are under the supervision of the School Board, they belong to the individual schools or their student bodies and are not available for use by the School Board.

C. *Basis of Accounting / Measurement Focus*

Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities displays information about the reporting government as a whole. Fiduciary funds are not included in the GWFS. Fiduciary funds are reported only in the Statement of Fiduciary Net Assets at the fund financial statement level.

The Statement of Net Assets and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Non-exchange transactions are recognized when the School Board has an enforceable legal claim to the revenues, expenses, gains, losses, assets and liabilities.

Program Revenues

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the School Board's taxpayers or citizenry as a whole; program revenues reduce the cost of the function to be financed from the School Board's general revenues.

General Revenues

General revenues included in the Statement of Activities derive directly from local property and sales taxes and from unrestricted state grants. General revenues finance the remaining balance of a function not covered by program revenues.

Allocation of indirect expenses

The School Board reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses (long-term debt interest) of other functions are not allocated to those functions but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function.

Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds reported in the fund financial statements are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and liabilities are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Governmental funds reported in the fund financial statements are accounted for on the modified accrual basis of accounting. Governmental fund revenues are

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

recognized in the accounting period in which they become susceptible to accrual – that is when they become both measurable and available to pay current period liabilities. Such revenue items are ad valorem, sales and use taxes and federal and state entitlements. Ad valorem taxes are considered measurable in the calendar year of the tax levy. Ad valorem taxes are considered available because they are substantially collected within 60 days subsequent to year end. Sales taxes are considered measurable and available when collected by the vendors. Revenue from state and Federal grants are recorded when the reimbursable expenditure have been incurred.

Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the Debt Service Funds for payments to be made early in the following year.

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in interest-bearing demand deposits as well as short-term investments with a maturity date within three months of the date acquired. Short-term investments are stated at cost, which approximates fair value.

Interest earned on balances maintained in the pooled bank account was distributed to the individual funds based on the cash balance maintained by the unrestricted participating fund during the year.

The School Board maintains separate “book” cash accounts for each fund that is pooled within the master bank account. Negative book cash balances appear in the financial statements as a liability, “Due to Other Funds.” The balance of these amounts will be paid primarily through collections of grants receivable reimbursements from the Federal and State Departments of Education.

E. Investments

Investments, consisting of certificates of deposit, are stated at market value in accordance with the provisions of GASB Statement No. 31.

F. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

from other funds or due to other funds on the fund financial statements balance sheet.

G. Elimination and Reclassifications

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activities column.

H. Bond Issuance Costs/Bond Premiums

Costs associated with issuing bonds (bond rating fees, attorney fees, printing, etc.) are capitalized and amortized over the life of the bond issue in the government-wide financial statements. The bond issuance costs are reported as expenditures in the fund financial statements. Bond premium from bond sales is reported in the governmental funds as Other Financing Sources when received. Bond premium is reported in the Government-wide Financial Statements as a liability and amortized over the life of the bonds.

I. Inventory

Inventory of the School Food Service Fund consists of food and supplies. Inventory is recorded as an expenditure as it is consumed. Inventory is valued at cost on the first-in, first-out (FIFO) method. Commodities provided to the School Board by the United States Department of Agriculture (USDA) through the State Department of Education are reflected as revenue when received and as an expenditure when consumed. Commodities are valued at amounts assigned by the USDA.

J. Capital Assets

Capital Assets, which include land, buildings, and equipment, are reported as governmental funds in the governmental-wide financial statements. The School Board considers assets with an initial individual cost of \$5,000 or more and an estimated life of one year or more as a capital asset.

Capital assets are recorded at historical cost and depreciated over their estimated useful lives. Donated capital assets are recorded at their estimated fair value at the date of donation.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

Estimated useful life is management's estimate of how long the asset is expected to meet service demands. Capital assets have not been assigned a salvage value because management feels that the salvage value is immaterial. Straight-line depreciation is used based on the following useful lives:

Buildings	40 years
Furniture and equipment	3-15 years

K. Interfund Activity

Interfund activity is reported as loans, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental funds are netted as part of the reconciliation to the Government-Wide Financial Statements.

L. Fund Reserves

Fund reserves are portions of fund equity that are legally restricted for future use and are therefore not available for current operations. The fund balance reserved for inventories represents the cost of inventories on hand and is, therefore, not available for expenditures.

M. Compensated Absences

All employees receive ten sick days each year, with any unused portion being carried forward. Upon retirement, employees with twenty years of service or more are paid for up to 25 days of accumulated sick leave. Only employees who work 12 calendar months per year earn vacation days. The School Board's policy regarding payment of accumulated vacation days is to allow for a maximum accumulation and payment of no more than 30 days with persons credited with days in excess of 30 as of the effective date (July 1, 1994) being grandfathered in at their then-current accumulation.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

N. Long-Term Liabilities

Bond premiums and discounts, as well as issuance costs, are recognized in the fund financial statements in the period the bonds are issued. Bond proceeds are reported as an Other Financing Source. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

O. Restricted Net Assets

For the Government-Wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either:

Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments;

Imposed by law through constitutional provisions or enabling legislation.

In the Statement of Net Assets, the following items are considered restricted:

Capital projects is restricted because the proceeds from issuance of bonded debt is dedicated to acquiring and improving school property.

Debt service is considered restricted because an ad valorem tax has been levied specifically to meet the principal and interest payments of various bond issues. Salaries and related benefits are considered restricted as it represents undistributed salaries and related benefits from sales taxes restricted exclusively for this purpose.

P. Reserves and Designations of Fund Financial Statements

Portions of fund equity reported in the Fund Financial Statements are reserved for future use and are; therefore, not available for current appropriation or expenditure. Designations of unreserved fund balances indicate the School Board's tentative plans for the use of financial resources in a future period.

Q. Sales and Use Taxes

The voters of Ouachita Parish authorized the City of Monroe School Board and the Ouachita Parish School Board to jointly levy and collect a 0.5% sales and use tax.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

The net proceeds of the tax are to be allocated and prorated between the two school boards annually on the basis of average daily membership for the preceding school year. Eighty-eight percent of the sales and use tax revenues received by the School Board are to be used for the payment of the salaries of teachers, as defined by the Louisiana State Department of Education. The remaining twelve percent is to be used for the payment of salaries to designated personnel other than teachers.

In March 1994, the voters of the City of Monroe approved the levy of a 0.5% sales and use tax. The net proceeds of the tax are to supplement salaries and benefits of certified teachers and other personnel and to provide additional funds for instructional activities. This sales tax went into effect in July 1994.

In July 2001, the citizens of the City of Monroe approved a 1% sales tax for additional support of the School Board. This sales tax went into effect in October 2001.

R. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Cash Equivalents and Investments -

Custodial credit risk - deposits. The School Board's cash and certificates of deposit consist of deposits with financial institutions. State statutes govern the School Board's investment policy. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts or savings certificates of savings and loan associations and repurchase agreements. In addition, local governments in Louisiana are authorized to invest in the Louisiana Asset Management Pool, Inc. (LAMP), a non-profit corporation formed by an initiative of the State Treasurer and organized under the laws of the State of Louisiana, which operates the local government investment pool. Collateral is required for demand deposits, certificates of deposit, savings certificates of savings and loan associations and repurchase agreements at 100% of all amounts not covered by deposit insurance. Obligations that may be pledged as collateral are obligations of the United States government and its agencies and obligations of the state and its subdivisions. Per Louisiana State law, collateral is not required for funds invested in LAMP.

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

The following is a schedule of the School Board's cash and certificates of deposit at June 30, 2010. Differences between School Board balances and the bank balances arise because of the net effect of deposits-in-transit and outstanding checks.

	School Board Balance	Bank Balance
Cash on Deposit	\$ 25,846,560	\$ 27,027,043
Petty Cash	1,100	-
Cash Equivalents:		
LAMP Investments	9,153,514	9,153,514
Certificates of Deposit	250,000	250,000
TOTAL	\$ 35,251,174	\$ 36,430,557

The School Board's deposits are collateralized as follows:

Federal Deposit Insurance	\$ 1,000,000
Pledged Securities:	
Collateralized	35,430,557
Total	\$ 36,430,557

The School Board's investments at June 30, 2010, consist of a certificate of deposit with a carrying and market value of \$250,000. It is held by the School Board's agent in the School Board's name and is collateralized.

Credit risk. The School Board's only investment is the certificate of deposit mentioned above, therefore the School Board is exposed to no credit risk.

Concentration of credit risk. The School Board does not limit the amount that may be invested in securities of any one issuer. Applicable state statutes do not place limits on credit concentration.

Interest rate risk. The School Board manages its exposure to declines in fair values by limiting the maturity of its investments to no longer than one year.

Note 3 - Ad Valorem Taxes

The Sheriff of Ouachita Parish, as provided by State law, bills and collects property taxes on behalf of the School Board using the assessed values determined by the tax

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

assessor of Ouachita Parish. For the year ended June 30, 2010, taxes of 41.16 mills were levied on property with assessed valuations totaling \$342,041,168 and were dedicated as follows:

School Operations, Maintenance, Aid and Support	27.16 mills
Series 1994 & Series 1995 Bonds Debt Service	14.00 mills
	<u>41.16 mills</u>

The School Board's portion of the total taxes originally levied was \$15,992,227 of which \$14,078,417 was assessed on property owners and \$1,913,809 was assessed under Homestead Exemption. The School Board collected \$14,505,237 through June 30, 2010, of which a nominal amount was for prior year(s) levies. Approximately 85% of the homestead exemption is not appropriated by the State of Louisiana and therefore is not collected.

Property Tax Calendar

Millage Rates Adopted	September 15, 2009
Levy Date	November 30, 2009
Tax Bills Mailed	November 30, 2009
Total Taxes Are Due	December 31, 2009
Lien Date	January 1, 2010

Assessed values are established by the Ouachita Parish Tax Assessor each year on a uniform basis at the following ratios to fair market value.

10% Land	15% Machinery
10% Residential Improvements	15% Commercial Improvements
15% Industrial Improvements	25% Public Service Properties, Excluding Land

Note 4 - Capital Assets

A summary of the changes in capital assets for the year ended June 30, 2010, is as follows:

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

	<u>Balance</u> <u>June 30, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2010</u>
Governmental Activities				
Capital assets not being depreciated				
Land	\$ 1,490,547	\$ 179,000	\$ -	\$ 1,669,547
Construction-in-progress	<u>259,435</u>	<u>1,910,754</u>	<u>259,436</u>	<u>1,910,753</u>
Total capital assets not being depreciated	<u>1,749,982</u>	<u>2,089,754</u>	<u>259,436</u>	<u>3,580,300</u>
Capital Assets being depreciated				
Buildings & improvements	73,428,656	872,951	-	74,301,607
Furniture and equipment	<u>21,622,454</u>	<u>742,464</u>	<u>145,957</u>	<u>22,218,961</u>
Total capital assets being depreciated	<u>95,051,110</u>	<u>1,615,415</u>	<u>145,957</u>	<u>96,520,568</u>
Less accumulated depreciation				
Buildings and improvements	18,344,074	1,800,710	-	20,144,784
Furniture and equipment	<u>16,745,607</u>	<u>1,067,926</u>	<u>145,957</u>	<u>17,667,576</u>
Total accumulated depreciation	<u>35,089,681</u>	<u>2,868,636</u>	<u>145,957</u>	<u>37,812,360</u>
Total capital assets being depreciated, net	<u>59,961,429</u>	<u>(1,253,221)</u>	<u>-</u>	<u>58,708,208</u>
Governmental Activities Capital Assets, net	<u>\$ 61,711,411</u>	<u>\$ 836,533</u>	<u>\$ 259,436</u>	<u>\$ 62,288,508</u>

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

Depreciation expense was charged to governmental activities as follows:

Instructional services:	
Regular programs	\$ 478,323
Special education programs	11,704
Vocational programs	17,225
Other instructional programs	11,918
Special programs	63,597
Adult/Continuing education	6,071
Support services:	
Pupil support services	6,463
Instructional staff support services	71,168
General Administration	1,706
Business services	18,700
Plant services	110,541
Student transportation services	204,788
Central services	633,203
Food service operations	47,540
Facility acquisition and construction	1,185,688
Total depreciation expense	\$ <u>2,868,635</u>

Note 5 - Significant Concentrations of Risk

Amounts due from governmental agencies represent substantially all of receivables from outside sources. The School Board derives a majority of its revenue from grants by governmental agencies and is, therefore, economically dependent upon these grants.

Note 6 - Pension and Retirement Plans

State-sponsored Plans:

Substantially all employees of the School Board are members of two statewide retirement systems which are multiple-employer, cost-sharing public employee retirement systems. In general, professional employees such as teachers, principals and lunchroom workers are members of the Teachers' Retirement System of Louisiana (TRSL); other employees, such as custodial personnel and bus operators, are members of the Louisiana School Employees' Retirement System (LSERS). Generally, all full-time

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

employees are eligible to participate in the systems, with employee benefits vesting after 10 years of service.

Teachers' Retirement System of Louisiana (TRSL)

Under the TRSL Regular Plan, there are two retirement formulas: the 2% formula and the 2.5% formula. Participants may retire under the 2% formula at age 60 with at least 10 years of service credit or at any age with 20 years of service credit. Under the 2.5% formula, participants may retire at age 65 with 20 years of service credit; at age 55 with 25 years of service credit; or at any age with 30 years of service credit. The retirement benefit formula is based on the average salary of the 36 highest consecutive months times the applicable retirement percentage formula.

Under the TRSL-Plan A, normal retirement is generally at any age with 30 or more years credited service, and at the age of 55 with at least 25 years of credited service and at age 60 with at least 10 years of credited service. The retirement benefit formula is generally 3% times the average salary of the 36 highest successive months.

Funding Policy: As provided by statute, the School Board's employer contributions to the TRSL are funded by the State of Louisiana through expenditures by the School Board of state Minimum Foundation Program (MFP) funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School Board's contribution rates were 15.5%, 15.5%, and 16.6% for the years ended June 30, 2010, 2009 and 2008 respectively. The School Board's contributions to the TRSL plans for the years ended June 30, 2010, 2009 and 2008 were \$7,713,773, \$7,918,646, and \$7,902,635 respectively, equal to the statutorily required contributions in each year.

The TRSL issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Teachers' Retirement System, P.O. Box 94123, Baton Rouge, Louisiana 70804-9123 or by calling (225) 925-6446.

Louisiana School Employees' Retirement System (LSERS)

Employees participating in the LSERS are eligible for normal retirement after 30 years of service at any age, 25 years of service at age 55, or 10 years of service at age 60. The maximum retirement allowance is computed at 3.3% times the highest 36 months of

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

average salary, times the years of service plus a supplement of \$2.00 per month times the years of service.

Funding Policy: As provided by statute, the School Board's employer contributions to the LSERS are funded by the State of Louisiana through expenditures by the School Board of state MFP funds and local ad valorem and sales taxes. State statutes also require covered employees to contribute a percentage of their salaries to the system. As further provided by statute, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the system's prior fiscal year. The School Board's contribution rate of annual covered payroll were 17.6%, 17.8% and 18.1% for the years ended June 30, 2010, 2009 and 2008 respectively. The School Board's contributions to the LSERS plans for the years ended June 30, 2010, 2009 and 2008 were \$723,949, \$815,648 and \$761,805 respectively, equal to the statutorily required contributions in each year.

The LSERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Louisiana School Employees' Retirement System, P.O. Box 44516, Capitol Station, Baton Rouge, LA 70804 or by calling (225) 925-6484.

School Board-Sponsored Plan:

The School Board has adopted for its employees a deferred compensation plan created in accordance with Internal Revenue Code (IRC) Section 457. The plan, available to all School Board employees, permits them to defer a portion of their salaries until future years. The School Board does not make any contributions to the plan. The deferred compensation is not available to employees until termination, retirement or unforeseen emergency. The deferred compensation is available to employee's beneficiaries in case of death.

Under the terms of a plan established in accordance with the terms of the amended IRC Section 457, all compensation deferred under the plan, all property and rights acquired with those amounts and all income attributable to those amounts and rights are solely the property and rights of the participants and their beneficiaries. As required by the amended IRC Section 457, the School Board has established custodial accounts with an unrelated third party administrator who holds in trust the assets and income of the plan. The trustee holds assets with a fair market value of \$501,576 at June 30, 2010.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

Note 7 - Other Postemployment Benefits (UPDATED 12/16/10)

As permitted by Louisiana Revised Statute 17:1223, the School Board provides certain continuing health care and life insurance benefits for certain retired employees through the State group insurance plan, an agent multiple employer defined benefit plan. These benefits if they reach normal retirement age, as defined under the applicable retirement system (see Note 6), while working for the School Board. Currently the City of Monroe School Board's post employment benefits plan provides employees with a choice of participation in one of four medical insurance plans, each with varying benefits: preferred provider organization (PPO), exclusive provider organization (EPO), or health maintenance organization (HMO). LSA-R.S. 42:801 – 859 assigns the authority to establish benefit plans and premium rates and negotiate contracts to the Office of Group Benefits under the direction of the Commissioner of Administration. The Office of Group Benefits' financial report is included in the Louisiana Comprehensive Annual Financial Report (CAFR) which may be obtained from Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap; by writing to P.O. Box 94095, Baton Rouge, Louisiana 70804-9095; or by calling (225)342-0708.

The School Board recognizes the cost of providing these benefits (the School Board's portion of premiums) as an expenditure in the Governmental Funds when the monthly premiums are due. The cost of retiree benefits totaled \$3,115,762 during fiscal 2010; approximately 540 retirees receive benefits under this plan.

In the Government-wide Financial Statements in accordance with GASB 45 starting with the 2009 fiscal year, the cost of health care and life insurance benefits for active employees is expensed when earned. The liability for health care and life insurance for active and retired employees previously earned benefits has been calculated and will be amortized over 30 years. The normal costs and the accrued liability for previously earned benefits are based on the following data and assumptions:

Mortality Rate

The mortality rate was determined by using the RP-2000 System Table (sex distinct) with floating AA projections.

Investment Return Assumption (Discount Rate) and Inflation Rate

While GASB 45 allocates the costs of a postretirement benefit plan over the years of active employment (when the promise of future benefits is potentially motivating an employee), it does not require the funding of such benefits. There are two key points

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

that need to be noted in this regard. First, the choice of the discount rate used in measuring the liabilities of the benefits is tied to the funding vehicle or lack thereof. GASB 45 requires the use of a discount rate for an unfunded plan equal to what the sponsor earns on its general assets. Since a lower discount rate leads to higher liabilities, a funded plan will have lower liabilities than an unfunded plan with identical provisions and membership. Since it is anticipated that the annual required contribution will not be funded, a 4% annual investment return is assumed in the actuarial evaluation which represents a reasonable estimate of short-term pooled funds.

Amortization Method and Period

The level dollar closed amortization method has been used. An amortization period of 30 years has been used for the medical benefits and for the life insurance benefits. The valuation used the closed group method, under which future entrants are not considered.

Healthcare Cost Trend Rate

In the absence of readily available cost trend data from the Office of Group Benefits, the expected rate of increase in healthcare insurance premiums is based on an understanding of the plan and *Milliman's Health Cost Guidelines*. The assumed annual per capita cost of medical and pharmacy benefits for select ages are illustrated below. These are gross amounts prior to reduction for any retiree contributions.

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

PPO

	<u>Retiree Only</u>	<u>Retiree & Spouse</u>
Pre-65	\$ 10,481	\$ 16,096
Post-65	\$ 2,953	\$ 5,308

EPO

	<u>Retiree Only</u>	<u>Retiree & Spouse</u>
Pre-65	\$ 10,481	\$ 16,096
Post-65	\$ 2,953	\$ 5,308

HMO

	<u>Retiree Only</u>	<u>Retiree & Spouse</u>
Pre-65	\$ 10,061	\$ 15,451
Post-65	\$ 2,835	\$ 5,095

Medical Inflation (Trend Assumption)

The trend assumptions for medical and pharmacy costs and retiree premiums are summarized below:

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

<u>Year</u>	<u>Trend</u>
2010	7.20%
2011	6.30%
2012-2013	5.80%
2014-2017	5.70%
2018-2022	5.60%
2023-2027	5.50%
2028-2032	5.40%
2033	5.30%
2034	5.20%
2035-2036	5.10%
2037-2038	5.00%
2039-2042	4.90%
2043-2047	4.80%
2048-2053	4.70%
2054-2062	4.60%
2063-2075	4.50%
2076	4.40%
2077-2078	4.20%
2079-2085	4.10%
2086 and ongoing	4.00%

Life Insurance

- Life insurance amount for active employees – \$74,000
- Life insurance benefits reduces to 75% of face value at age 65 and 50% of face value at age 70.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

Withdrawal Rates

The following service related sample withdrawal rates are shown below:

<u>Age</u>	<u>Males</u>	<u>Females</u>
25	7.0%	7.0%
30	8.0%	8.0%
35	6.0%	6.0%
40	3.0%	3.0%
45	2.0%	2.0%
50	2.0%	2.0%

The rate of withdrawal is multiplied by 1.25 for the year first of employment.

Disability Rates

The following service related sample disability rates are shown below:

<u>Age</u>	<u>Male</u>	<u>Female</u>
25	0.01%	0.01%
30	0.03%	0.03%
35	0.06%	0.06%
40	0.10%	0.10%
45	0.18%	0.18%
50	0.24%	0.24%
55	0.47%	0.47%

Retirement Rate

It is assumed that entitlement to benefits will commence at the expected retirement date (that is, the date at which the eligible employee will actually retire) under the pension plan which covers employees. It is assumed that this retirement date is *three years later* than the earliest date at which the employee is eligible for regular retirement benefits. That "regular retirement" date is defined as the earliest of the following:

- 30 years of service credit at any age; or
- 25 years of service credit at age 55; or
- 5 years of service credit at age 60.
- 20 years of service at any age – early retirement

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

The assumed percent of employees reaching retirement are as follows:

Retirement Rates

<u>Age</u>	<u>Male</u>	<u>Female</u>
38	5.00%	5.00%
39	6.00%	6.00%
40	4.00%	4.00%
45	3.00%	3.00%
50	3.00%	3.00%
55	10.30%	10.30%
60	27.70%	27.70%
65	33.00%	33.00%
70	38.30%	38.30%
71	38.50%	38.50%
72	100.00%	100.00%

Actuarial Methods and Assumptions

The amount of the current employer portion of the healthcare premiums for retiree coverage has been used as the basis for calculating the actuarial present value of benefits to be paid; the Office of Group Benefits' "*Official Schedule of Rates*" effective July 1, 2007 has been used for this purpose. It has been assumed 90 % of employees who elect coverage while in active employment and who are eligible for retiree medical benefits will continue the same medical coverage in retirement. It is assumed that 30% of members electing coverage will also elect coverage for a spouse. Females are assumed to be three years younger than males.

Actuarial Cost Method

The actuarial cost method determines, in a systematic way, the incidence of plan sponsor contributions required to provide plan benefits. It also determines how actuarial gains and losses are recognized in OPEB costs. These gains and losses result from the difference between the actual experience under the plan and what was anticipated by the actuarial assumptions.

The cost of the Plan is derived by making certain specific assumptions as to rates of interest, mortality, turnover, etc. which are assumed to hold for many years into the future.

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

Since actual experience may differ somewhat from the long term assumptions, the costs determined by the valuation must be regarded as estimates of the true costs of the Plan.

Actuarial liabilities and comparative costs were computed using the unit credit actuarial cost method, which consists of the following cost components:

1. The normal cost is the actuarial present value of benefits allocated to the evaluation year.
2. The actuarial accrued liability is the actuarial present value of benefits accrued as of the valuation date.
3. Valuation assets are equal to the market value of assets as of the valuation date, if any.
4. Unfunded actuarial accrued liability is the difference between the actuarial accrued liability and the valuation assets. It is amortized over the maximum permissible period under GASB 45 of 30 years.

It should be noted that GASB 45 allows a variety of cost methods to be used. This method was selected because it is generally easy to understand and is widely used for the valuation of post employment benefits other than pensions.

Actuarial Value of Plan Assets

Actuarial value of assets is the value of cash, investments, and other property belonging to the plan, as used by the actuary for the purpose of an actuarial valuation. Since this is the first actuarial valuation, there are not any assets to be actuarially valued; however, it is anticipated that future valuations of actuarial assets will be based on Actuarial Standards Board Actuarial Standard of Practice Number 6, *Measuring Retiree Group Benefit Obligations*, which is applicable to post employment benefits plans and generally requires valuing dedicated plan assets using a method that takes into account market value.

Actuarial Methods and Assumptions

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) healthcare cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actuarial results are compared to past expectations and new estimates are made about the future.

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plans (the plans as understood by the City of Monroe School Board Fund and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the City of Monroe School Board and its plans members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effect of legal or contractual funding limitation on the pattern of cost sharing between the City of Monroe School Board and plan members in the future. Consistent with the long-term perspective of actuarial calculation, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The following table shows the City of Monroe School Board's annual post employment benefits cost, percentage of that cost contributed and the net unfunded post employment benefits liability:

<u>Fiscal Year Ended</u>	<u>Annual Post Employment Benefits Cost</u>	<u>Percentage of Annual Cost Contributed</u>	<u>Net Unfunded Post Employment Benefits Liability</u>
6/30/08	N/A	N/A	N/A
6/30/09	\$10,143,554	29.4%	\$7,164,864
6/30/10	\$10,555,929	29.5%	\$14,605,031

Funded Status and Funding Progress

In the 2008-09 fiscal year the City of Monroe School Board started recording post-employment benefits in its financial statements. The School Board has not made any contribution to a post employment benefits plan trust. Therefore, the plan has no assets, and hence has a funded ratio of zero. As of June 30, 2009 the first and most recent actuarial valuation, the actuarial accrued liability was \$14,605,031, which is defined as that portion, as determined by a particular actuarial cost method (the City of Monroe School Board used the Unit Credit Cost method), of an actuarial present value of a post employment plan benefits and expenses which is not provided by normal cost (i.e. the cost of the actuarial present value of post employment benefits for active employees from their hire date through June 30, 2010, and for retired employees from their hire date through their date of retirement).

Since the plan was not funded in 2010, the entire actuarial accrued liability of \$14,605,031 was unfunded. The annual payroll of active employees covered by the plan, called the covered payroll, was \$59,350,061 in 2010; the ratio of the unfunded actuarial accrued

CITY OF MONROE SCHOOL BOARD
Monroe, LA

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

liability to the covered payroll was 24.6%. (Salaries are not used to determine either medical or life post employment benefits).

Annual Post Employment Benefits Cost and Net Post Employment Benefits Liability

The table below shows the City of Monroe School Board's annual post employment benefits for the year ended June 30, 2010, and changes in the unfunded post employment benefits liability:

Normal Cost	\$ 4,857,547
30-year actuarial accrued liability amortization of medical and life insurance	<u>5,411,787</u>
Annual required contribution (ARC)	10,269,334
Interest on prior year net post employment benefits liability	286,595
Adjustments to the annual required contribution	<u>-</u>
OPEB Cost - June 30, 2010	10,555,929
Current year retiree premium	<u>(3,115,762)</u>
Increase in Net OPEB Obligation	7,440,167
Beginning Net OPEB Obligation - July 1, 2009	<u>7,164,864</u>
Ending Net OPEB Obligation - June 30, 2010	\$ <u>14,605,031</u>

Required Contribution Rates

As determined by the Office of Group Benefits and approved by the Louisiana Legislature, the employer paid 75% of the premium cost for post employment benefits for retired employees and their families, and the retirees paid 25% of the premium cost; monthly premium cost for retired employees ranged from \$79 for a single retiree with Medicare in the HMO plan to \$447 for a retiree and spouse without Medicare in the EPO plan. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits.

The City of Monroe School Board's annual medical and life post employment benefits cost (expense) is calculated based on the annual required contribution of the employer, and amount actuarially determined in accordance with the parameters of GASB Statement

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

Number 45. The City of Monroe School Board's annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize the unfunded actuarial liability (or funding excess) over a period of thirty (30) years for health and life insurance. The total annual required contribution for the year ended June 30, 2010, is \$10,269,334, none of which the School Board opted to fund in 2010. Since the plan was not funded in fiscal years 2009 and 2010 the entire actuarial accrued liability of \$92,434,614 is unfunded.

Funding Policy

Currently, there are no requirements for employers to contribute to their post employment benefits plans. In 2008-09, the City of Monroe School Board started recognizing the cost of providing these benefits (the City of Monroe School Board's portion of premiums) as an expense when the benefits premiums were due and thus financed the cost of post employment benefits on a pay-as-you-go basis. The School Board implemented Governmental Accounting Standards Board Statement Number 45, Accounting and Financial Reporting by employers for Post employment Benefits Other than Pension (GASB Statement 45), prospectively in 2007-08 and at that time began to record its portion of premiums as an expense during the period of active service by the employee (normal cost). In 2010, the City of Monroe School Board's portion of health care and life insurance benefit premium, for both active and retired employees totaled \$10,863,154. The School Board at this time does not plan to fund the post employment liability other than the monthly health and life insurance premiums as they become due.

Note 8 - Long-Term Obligations

The following is a summary of changes in Long-Term Obligations for the year ended June 30, 2010:

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
General obligation bonds	\$ 25,075,000	\$ -	\$ 4,075,000	\$ 21,000,000
Less deferred amount of refunding	(682,991)	-	(113,831)	(569,160)
Unamortized bond premium	150,659	-	26,586	124,073
Sales tax bonds	14,095,000	-	815,000	13,280,000
Revenue bonds	-	10,000,000	-	10,000,000
Certificates of indebtedness	2,681,450	1,500,000	524,850	3,656,600
Other post employment benefits	7,164,864	7,440,167	-	14,605,031
Compensated absences, net	1,802,333	962,626	1,608,728	1,156,231
TOTAL	\$ 50,286,315	\$ 19,902,793	\$ 6,936,333	\$ 63,252,775

Long-term bonds and certificates of indebtedness outstanding at June 30, 2010 are comprised of the following:

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

	<u>Issue</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
<u>General Obligation Bonds</u>				
School Refunding Bonds,				
Series 2001	2001	3/1/2014	4.00-4.625	\$ 10,215,000
Series 2003	2003	3/1/2015	2.50-5.00	10,785,000
<u>Sales Tax Bonds</u>				
Sales Tax Bonds, Series 2001	2001	10/1/2021	3.875-5.00	8,915,000
Sales Tax Bonds, Series 2002	2002	10/1/2021	4.25-4.75	4,365,000
<u>Certificates of Indebtedness</u>				
Series 2006	2006	7/1/2011	0.10-5.00	750,000
Series 2008	2008	7/1/2017	-	1,406,600
Series 2008	2009	7/1/2019	-	1,500,000
<u>Revenue Bonds</u>				
Revenue Bonds, Series 2009	2009	10/15/2024	0.5	<u>10,000,000</u>
Total Bonds and Certificates of Indebtedness				<u>\$ 47,936,600</u>

Debt service requirements to maturity on all School Board bonds and certificates of indebtedness outstanding at June 30, 2010, including interest of \$7,382,095 are as follows:

<u>Year Ending June 30,</u>	<u>Total Principal & Interest Due</u>
2011	\$ 8,046,779
2012	8,115,493
2013	7,784,806
2014	7,850,943
2015	4,994,250
2016-2020	12,178,823
2021-2025	6,347,601
TOTAL	<u>\$ 55,318,695</u>

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

Note 9 - Lease Commitments and Rental Expense

Operating Leases

The School Board leases various items of equipment and facilities under lease agreements which are subject to annual re-appropriation clauses. Generally, as equipment leases expire, they are replaced with other leases. Rent expense for the year ending June 30, 2010 totaled \$243,291

Note 10 - Interfund Receivables and Payables (FFS level only)

Individual balances due to/from other funds at June 30, 2010, are as follows:

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
Unreimbursed expenses:		
Major Funds:		
General Fund	\$ 6,541,006	\$ 556,197
QSCB	25,000	
Nonmajor Funds:		
1968 Sales Tax	-	40,945
1994 Sales Tax	-	137,976
Deficit Cash Balances:		
Major Funds:		
Title I	-	2,609,590
2001 Sales Tax	-	205,848
Nonmajor Funds:		
Special Education	-	720,520
School Food Service	-	4,693
Reading First	-	225,555
Other Federal Programs	-	1,684,671
State Grants	-	380,011
Total Due To/From Other Funds	<u>\$ 6,566,006</u>	<u>\$ 6,566,006</u>

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

Note 11 - Interfund Transfers

Transfers to/from other funds for the year ended June 30, 2010 were as follows:

	Transfers In	Transfers Out
Major Funds:		
General Fund	\$ 1,517,157	\$ 226,004
Special Revenue:		
Title I	-	754,584
2001 Sales Tax	-	1,500,077
Capital Projects:		
QSCB	21,111	-
Nonmajor Funds:		
Special Revenue:		
School Food Service	34,218	-
Special Education	-	300,327
Reading First	167	11,441
1994 Sales Tax	48,000	48,000
Other Federal Programs	135,731	409,193
State Grants	68,997	41,614
Debt Service:		
2001-2002 Sales Tax Bond Sinking	1,465,859	-
Total	\$ 3,291,240	\$ 3,291,240

Included in the transfers are \$1,517,157 of indirect cost to the General Fund from various Federal programs and \$1,465,859 from Special Revenue Funds-2001 Sales Tax to Debt Service Funds-2001-2002 Sales Tax Bonds for the use in paying bond principal and interest.

Note 12 - Risk Financing Activities

The School Board manages its exposure under general liability, fleet, and errors and omissions through the purchase of commercial insurance. Qualifying employees and retirees may participate in the state group medical and life insurance plan. Risk of loss under workers' compensation statutes is self-insured by the School Board for up to \$200,000 per occurrence, with reinsurance coverage in force for losses in excess of that

**CITY OF MONROE SCHOOL BOARD
Monroe, LA**

Notes To The Basic Financial Statements

For The Year Ended June 30, 2010

amount. The self-insured plan is administered by a third party, with the claims under the self-insured amount paid by the General Fund; certain Special Revenue funds reimburse the General Fund for payment of their claims. Consistent with the provisions of GASB Statement No. 10 *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, the School Board uses the General Fund to account for its risk financing activities. During the year ended June 30, 2010, the School Board incurred and paid claims under the worker's compensation plan of approximately \$476,873 net of reimbursements.

Note 13 - Litigation and Contingencies

The School Board is a defendant in several lawsuits. Management and legal counsel for the School Board believe that the potential claims against the School Board, not covered by insurance, would not materially affect the School Board's financial position.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART B)**

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

General Fund
Budgetary Comparison Schedule (GAAP Basis)

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ 8,748,835	\$ 11,671,931	\$ 11,671,931	\$ -
Resources (inflows)				
Local sources				
Ad valorem taxes				
Constitutional tax	2,295,000	2,364,468	2,426,657	62,189
Renewable tax	6,681,000	6,880,250	6,936,868	56,618
Other than school taxes	260,000	286,205	316,096	29,891
Earnings on investments	150,000	40,000	43,942	3,942
Other local revenue	817,753	375,679	559,969	184,290
Total local sources	10,203,753	9,946,602	10,283,532	336,930
State and federal sources				
State equalization	42,261,016	41,086,123	41,086,123	-
State revenue sharing	316,000	310,000	298,850	(11,150)
State restricted revenue	203,900	258,938	250,033	(8,905)
Federal restricted grants-in-aid	326,000	326,000	272,294	(53,706)
Total state and federal sources	43,106,916	41,981,061	41,907,300	(73,761)
Other sources				
Proceeds from sale of assets	5,400	3,400	6,285	2,885
Insurance proceeds	3,635	2,000	-	(2,000)
Judgments	9,670	-	41,070	41,070
Transfers in	1,032,400	1,077,180	1,517,157	439,977
Total other sources	1,051,105	1,082,580	1,564,512	481,932
Total resources	54,361,774	53,010,243	53,755,344	745,101
Amounts available for appropriations	63,110,609	64,682,174	65,427,275	745,101
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	19,874,792	19,218,032	18,346,177	871,855
Special education programs	8,760,072	8,199,669	8,143,202	56,467
Vocational programs	735,354	548,389	447,377	101,012
Other instructional programs	3,417,608	3,479,780	3,415,425	64,355
Special programs	638,595	611,270	637,744	(26,474)
Adult/Continuing education programs	375,650	247,609	242,853	4,756
Support Services				
Pupil support services	2,583,485	2,471,620	2,289,038	182,582
Instructional staff support	1,666,727	1,576,177	1,451,623	124,554
General administration	2,134,870	2,362,748	2,366,134	(3,386)
School administration	3,191,105	3,218,861	2,931,749	287,112
Business services	1,042,295	1,078,723	990,604	88,119
Plant services	5,593,191	5,408,060	4,755,284	652,776
Student transportation services	2,525,656	2,644,612	2,453,121	191,491
Central services	1,552,025	1,089,228	961,849	127,379
Non-instructional services				
Food service operations	179,489	179,538	176,702	2,836
Capital outlay	35,800	340,969	364,891	(223,922)
Debt service	216,000	217,000	18,750	198,250
Other uses				
Transfers out	77,000	77,000	226,007	(149,007)
Total charges to appropriations	54,599,714	52,969,285	50,418,530	2,550,755
Budgetary fund balance at end of year	\$ 8,510,895	\$ 11,712,889	\$ 15,008,745	\$ 3,295,856

See accompanying notes to budgetary comparison schedules

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

**Title I
Budgetary Comparison Schedule (GAAP Basis)**

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ -	\$ -	\$ -	\$ -
Resources (inflows)				
Federal sources				
Federal restricted grants-in-aid	12,035,471	9,014,035	9,026,698	12,663
Total federal sources	12,035,471	9,014,035	9,026,698	12,663
Amounts available for appropriations	12,035,471	9,014,035	9,026,698	12,663
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	35,522	57,975	57,975	-
Special education programs	-	65	65	-
Other instructional programs	239,429	238,780	238,780	-
Special programs	7,396,791	5,169,440	5,171,862	(2,422)
Support services				
Pupil support services	710,532	655,358	655,358	-
Instructional staff support	2,460,268	2,044,110	2,044,110	-
School administration	39,426	37,144	37,144	-
Business services	20,206	8,253	8,253	-
Plant services	29,805	12,257	9,866	2,391
Student transportation services	35,400	36,068	48,700	(12,632)
Other uses				
Transfers out	1,057,459	754,585	754,585	-
Total charges to appropriations	12,024,838	9,014,035	9,026,698	(12,663)
Budgetary fund balance at end of year	\$ 10,633	\$ -	\$ -	\$ -

See accompanying notes to budgetary comparison schedules

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

**2001 Sales Tax
Budgetary Comparison Schedule (GAAP Basis)**

For the Year Ended June 30, 2010

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance With Final Budget Over (Under)
	Original Budget	Final Budget		
Budgetary fund balance at beginning of year	\$ 2,052,340	\$ 2,807,021	\$ 2,807,021	\$ -
Resources (inflows)				
Local sources				
Sales and use taxes	13,658,442	12,971,576	13,452,106	480,530
Interest on investments	31,618	7,500	2,751	(4,749)
Total local sources	13,690,060	12,979,076	13,454,857	475,781
Amounts available for appropriations	15,742,400	15,786,097	16,261,878	475,781
Charges to appropriations (outflows)				
Current				
Instructional services				
Regular programs	3,880,643	3,628,901	3,540,963	87,938
Special education programs	1,323,178	1,296,021	1,311,744	(15,723)
Vocational programs	86,886	74,802	74,806	(4)
Other instructional programs	777,261	584,298	538,744	45,554
Special programs	64,723	104,439	112,016	(7,577)
Adult education services	45,860	40,809	40,811	(2)
Support services				
Pupil support services	303,486	286,171	293,389	(7,218)
Instructional staff support	178,908	155,498	152,239	3,259
General administration	375,677	365,306	337,313	27,993
School administration	341,604	323,712	313,508	10,204
Business services	239,317	121,174	317,513	(196,339)
Plant services	1,521,052	1,776,208	1,523,325	252,883
Student transportation services	780,537	738,326	328,913	409,413
Central services	1,675,771	1,629,434	1,467,071	162,363
Non-Instructional services				
Food service operations	395,705	365,538	360,846	4,692
Capital outlay	755,000	464,928	339,086	125,842
Debt services	-	-	565,840	(565,840)
Other uses				
Transfers out	2,438,000	1,826,500	1,500,077	326,423
Total charges to appropriations	15,183,608	13,782,065	13,118,204	663,861
Budgetary fund balance at end of year	\$ 558,792	\$ 2,004,032	\$ 3,143,674	\$ 1,139,642

See accompanying notes to budgetary comparison schedules

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

Notes to Budgetary Comparison Schedules

For the Year Ended June 30, 2010

Budget and Budgetary Accounting

The School Board utilized the following procedures in establishing the budgetary data reflected in the financial statements:

In September, the Superintendent submits to the School Board proposed annual appropriated budgets for the General Fund and the Special Revenue Funds for the fiscal year commencing the prior July 1. A public hearing is conducted to obtain taxpayer comments. Prior to September 15, the School Board legally enacts the budget through adoption. The only legal requirement is that the School Board adopts a balanced budget; that is, total budgeted revenues and other financing sources (including fund balance) must equal or exceed total budgeted expenditures and other financing uses. The budget is revised periodically throughout the year, when deemed appropriate, but a balanced budget is always approved.

All budgets have annual appropriated budgets adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). Except for grant-oriented funds, unencumbered appropriations lapse at the end of the fiscal year. Encumbered appropriations are utilized when goods or services are received. Grant-oriented fund budget are adopted at the time the grant applications are approved by the grantor. Separate annual budgets are adopted for unencumbered appropriations of grant-oriented Special Revenue Funds at the beginning of the following fiscal year.

Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds. All budgets are operational at the departmental or project level. The Superintendent of the School Board is authorized to transfer budget amounts between line item activity and between any functions of an individual fund; however, any supplemental appropriations that amend the total expenditures of any fund require School Board approval.

SUPPLEMENTAL INFORMATION

NONMAJOR FUNDS

CITY OF MONROE SCHOOL BOARD

Monroe, Louisiana

Nonmajor Funds

As of and for the Year Ended June 30, 2010

Special Revenue Funds

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. These funds are primarily established for specific educational purposes and funded through the United States Department of Education or the Louisiana Department of Education.

- A. The Special Education funds is a Federal program that provides free appropriate education for all identified handicapped children from 3 to 21 years of age in the least restrictive environment.
- B. School Food Service accounts for the revenues and expenditures incurred, in providing to pupils, breakfast and lunch services during the school year and in the Summer Feeding program.
- C. Reading First is a federally financed program to ensure that all children achieve reading mastery by the end of the third grade.
- D. 1968 Sales Tax Fund accounts for the collection and distribution of a one-half percent sales tax to provide for supplemental salaries to School Board personnel. Certified personnel receive 88% of the collections with classified personnel receiving 12%.
- E. 1994 Sales Tax Fund accounts for the collection and distribution of a one-half percent sales tax levied to provide additional support to the school system to including funding of employee salaries and instructional purposes.
- F. The Other Federal Programs funds account for all other federal programs that were not specifically discussed above.
- G. The State Grants funds account for various programs funded by the Louisiana Department of Education.
- H. The Local Grants funds account for one grant from a private entity.

Debt Service Funds:

Debt Service Funds account for the accumulation of resources for the payment of general long-term principal, interest and related costs.

The Bond Redemption Fund accounts for the 1995 School Improvement Bonds and the related 2001 and 2003 refunding bonds.

CITY OF MONROE SCHOOL BOARD

Monroe, Louisiana

Nonmajor Funds

As of and for the Year Ended June 30, 2010

The 2001-2002 Sales Tax Bond Sinking Fund accounts for the 2001 and 2002 Series Sales Tax Bonds.

Capital Projects Funds:

Capital Projects Funds account for the financial resources received and used for the acquisition, construction or improvements of capital facilities not reported in other governmental funds.

The QZAB (Qualified Zone Academy Bond) Fund accounts for proceeds from the issuance of \$1,582,450 of Certificates of Indebtedness for the purpose of rehabilitating or repairing schools and related facilities, purchasing equipment and developing course materials for education.

The QZAB Series 2009 (Qualified Zone Academy Bond) Fund accounts for proceeds from the issuance of \$1,500,000 of Certificates of Indebtedness for the purpose of rehabilitating or repairing schools and related facilities, purchasing equipment, teacher training and developing course materials for education.

The Capital Projects Fund accounts for resources accumulated and expended for improvements, acquisitions and construction of School Board Facilities.

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet**

June 30, 2010

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 1,860,417	\$ 4,895,382	\$ 3,346,258	\$ 10,102,057
Accounts receivable	5,862,475	58,585	-	5,921,060
Inventory	175,702	-	-	175,702
Other assets	37,337	-	-	37,337
Total assets	\$ 7,935,931	\$ 4,953,967	\$ 3,346,258	\$ 16,236,156
 Liabilities and Fund Equity				
Liabilities				
Accounts payable	\$ 169,884	\$ -	\$ 242,063	\$ 411,947
Salaries and wages payable	2,301,001	-	-	2,301,001
Due to other funds	3,194,371	-	-	3,194,371
Other liabilities	9,275	-	-	9,275
Total liabilities	5,674,531	-	242,063	5,916,594
 Fund Equity				
Fund balances				
Reserved for inventory and prepaids	175,702	-	-	175,702
Reserved for salaries and related benefits	1,423,682	-	-	1,423,682
Reserved for debt service	-	4,953,967	-	4,953,967
Reserved for capital projects	-	-	3,104,195	3,104,195
Unreserved-undesignated	662,016	-	-	662,016
Total fund balances	2,261,400	4,953,967	3,104,195	10,319,562
Total liabilities and fund equity	\$ 7,935,931	\$ 4,953,967	\$ 3,346,258	\$ 16,236,156

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances**

For the Year Ended June 30, 2010

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Local Sources				
Ad valorem tax	\$ -	\$ 4,825,615	\$ -	\$ 4,825,615
Sales tax collections	11,557,578	-	-	11,557,578
Interest	7,064	14,614	6,645	28,323
School food service payment for meals	207,916	-	-	207,916
Other local revenue	63,565	-	-	63,565
State Sources				
State equalization	400,000	-	-	400,000
Restricted grants-in-aid	1,181,465	-	-	1,181,465
Federal Sources				
Restricted grants-in-aid	15,765,077	-	-	15,765,077
Total revenues	29,182,665	4,840,229	6,645	34,029,539
Expenditures				
Current				
Instructional				
Regular programs	5,696,402	-	-	5,696,402
Special education programs	3,708,331	-	-	3,708,331
Vocational programs	540,972	-	-	540,972
Other instructional programs	2,186,352	-	-	2,186,352
Special programs	2,290,783	-	-	2,290,783
Adult/Continuing education programs	225,504	-	-	225,504
Support Services				
Pupil support services	2,474,798	-	-	2,474,798
Instructional staff	2,333,647	-	-	2,333,647
General administration	89,944	149,606	-	239,550
School administration	1,192,170	-	-	1,192,170
Business services	197,118	-	-	197,118
Plant services	354,099	-	388,728	742,827
Student transportation services	359,210	-	-	359,210
Central services	448,646	-	-	448,646
Noninstructional				
Food service operations	5,024,738	-	-	5,024,738
Debt Service				
Principal	-	4,890,000	-	4,890,000
Interest	-	1,688,334	-	1,688,334
Capital outlay	371,046	-	1,042,999	1,414,045
Total expenditures	27,493,760	6,727,940	1,431,727	35,653,427
Excess (Deficiency) of Revenues Over Expenditures	1,688,905	(1,887,711)	(1,425,082)	(1,623,888)
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	-	1,500,000	1,500,000
Transfers in	287,113	1,465,859	-	1,752,972
Transfers out	(810,575)	-	-	(810,575)
Total other financing sources (Uses)	(523,462)	1,465,859	1,500,000	2,442,397
Net Change in Fund Balances	1,165,443	(421,852)	74,918	818,509
Fund Balances at Beginning of Year	1,095,957	5,375,819	3,029,277	9,501,053
Fund Balances at End of Year	\$ 2,261,400	\$ 4,953,967	\$ 3,104,195	\$ 10,319,562

City of Monroe School Board
Monroe, Louisiana

NONMAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet

June 30, 2010

Special Revenue Funds

	Special Education	School Food Service	Reading First	1968 Sales Tax	1994 Sales Tax	Other Federal Programs	State Grants	Local Grants	Total
Assets									
Cash and cash equivalents	\$ -	\$ 1,010,455	\$ -	\$ 106,655	\$ 581,126	\$ 144,313	\$ 17,868	\$ -	\$ 1,860,417
Accounts receivable	873,697	8,139	272,947	698,218	1,114,035	2,679,144	216,295	-	5,862,475
Inventory	-	175,702	-	-	-	-	-	-	175,702
Other assets	2,425	-	-	-	-	33,135	1,777	-	37,337
Total assets	<u>876,122</u>	<u>1,194,296</u>	<u>272,947</u>	<u>804,873</u>	<u>1,695,161</u>	<u>2,856,592</u>	<u>235,940</u>	<u>-</u>	<u>7,935,931</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Liabilities and Fund Equity									
Liabilities									
Accounts payable	\$ 2,251	\$ 106,841	\$ 36	\$ -	\$ 17,246	\$ 40,920	\$ 2,590	\$ -	\$ 169,884
Salaries and wages payable	150,471	247,987	46,802	306,401	573,784	913,930	62,526	-	2,301,001
Due to other funds	720,520	4,693	225,555	40,945	137,976	1,893,859	170,823	-	3,194,371
Other liabilities	2,880	-	554	-	-	5,841	-	-	9,275
Total liabilities	<u>876,122</u>	<u>358,621</u>	<u>272,947</u>	<u>347,346</u>	<u>729,006</u>	<u>2,854,550</u>	<u>235,939</u>	<u>-</u>	<u>5,674,531</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund Equity									
Fund balances	-	175,702	-	-	-	-	-	-	175,702
Reserved for inventory and prepaids and related benefits	-	-	-	457,527	966,155	-	-	-	1,423,682
Unreserved-undesignated	-	659,973	-	-	-	2,043	-	-	662,016
Total fund balances	-	<u>835,675</u>	-	<u>457,527</u>	<u>966,155</u>	<u>2,043</u>	-	-	<u>2,261,400</u>
Total liabilities and fund equity	<u>876,122</u>	<u>1,194,296</u>	<u>272,947</u>	<u>804,873</u>	<u>1,695,161</u>	<u>2,856,593</u>	<u>235,939</u>	<u>-</u>	<u>7,935,931</u>
	\$	\$	\$	\$	\$	\$	\$	\$	\$

City of Monroe School Board
Monroe, Louisiana

NONMAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended June 30, 2010

	Special Revenue Funds							Total
	Special Education	School Food Service	Reading First	1968 Sales Tax	1994 Sales Tax	Other Federal Programs	State Grants	
Revenues								
Local Sources								
Sales tax collections	\$ -	\$ -	\$ -	\$ 4,301,004	\$ 7,256,574	\$ -	\$ -	\$ -
Interest	-	-	-	1,951	5,113	-	-	-
School food service payment for meals	-	207,916	-	-	-	-	-	-
Other local revenue	-	437	-	-	-	-	-	63,128
State Sources								
State equalization	-	400,000	-	-	-	-	-	-
Restricted grants-in-aid	37,647	-	259,430	-	-	267,361	617,007	-
Federal Sources								
Restricted grants-in-aid	3,419,149	4,542,641	207,994	-	-	7,545,952	49,341	-
Total revenues	3,456,796	5,150,994	467,424	4,302,955	7,261,687	7,813,333	666,348	63,128
Expenditures								
Current								
Instructional								
Regular programs	-	-	-	1,692,054	2,999,018	877,980	64,222	63,128
Special education programs	1,794,341	-	-	776,072	1,006,394	131,524	-	-
Vocational programs	-	-	-	65,260	77,868	376,134	-	-
Other instructional programs	-	-	-	285,281	418,540	1,482,531	-	-
Special programs	-	-	364,600	89,326	103,074	1,470,126	263,657	-
Adult/Combining education programs	-	-	-	35,140	41,591	90,038	58,735	-
Support Services								
Payroll support services	1,109,068	-	-	222,860	370,947	748,703	23,720	-
Instructional staff	230,822	-	91,550	111,159	220,249	1,460,180	219,687	-
General administration	-	-	-	36,835	53,046	19	44	-
School administration	-	-	-	185,349	393,629	593,192	20,000	-
Business services	3,871	-	-	15,460	142,618	35,169	-	-
Plant services	-	-	-	109,827	241,035	3,237	-	-
Student transportation services	18,367	-	-	81,588	102,729	154,875	1,651	-
Central services	-	-	-	50,239	323,857	74,550	-	-
Noninstructional								
Food service operations	-	4,811,080	-	100,400	113,258	-	-	-
Capital outlay	-	295,591	-	-	13,036	-	62,419	-
Total expenditures	3,156,469	5,106,671	456,150	3,856,850	6,620,889	7,498,238	735,345	63,128
Excess (Deficiency) of Revenues Over Expenditures	300,327	44,323	11,274	446,105	640,798	315,075	(68,997)	-
Other Financing Sources (Uses)								
Transfers in	-	34,218	167	-	48,000	135,731	68,997	-
Transfers out	(300,327)	-	(11,441)	-	(48,000)	(450,807)	-	-
Total other financing sources (Uses)	(300,327)	34,218	(11,274)	-	-	(315,076)	68,997	-
Net Change in Fund Balances	-	78,541	-	446,105	640,798	-	-	-
Fund Balances at Beginning of Year	-	757,134	-	11,422	325,358	2,043	-	-
Fund Balances at End of Year	\$ -	\$ 835,675	\$ -	\$ 457,527	\$ 966,156	\$ 2,043	\$ -	\$ -

DEBT SERVICE FUNDS

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR DEBT SERVICE FUND
Balance Sheet**

June 30, 2010

	<u>Bond Redemption</u>	<u>2001-2002 Sales Tax Bond Sinking</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 2,242,622	\$ 2,652,760	\$ 4,895,382
Receivables	<u>58,585</u>	<u>-</u>	<u>58,585</u>
Total assets	<u>\$ 2,301,207</u>	<u>\$ 2,652,760</u>	<u>\$ 4,953,967</u>
 Fund Equity			
Fund balance - reserved for debt service	<u>\$ 2,301,207</u>	<u>\$ 2,652,760</u>	<u>\$ 4,953,967</u>
Total fund equity	<u>\$ 2,301,207</u>	<u>\$ 2,652,760</u>	<u>\$ 4,953,967</u>

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR DEBT SERVICE FUNDS
Statement of Revenues, Expenditures,
and Changes in Fund Balances**

For the Year Ended June 30, 2010

	<u>Bond Redemption Debt Service</u>	<u>2001-2002 Sales Tax Bond Sinking</u>	<u>Total</u>
Revenues			
Local Sources			
Ad valorem tax	\$ 4,825,615	\$ -	\$ 4,825,615
Interest	5,338	9,276	14,614
Total revenues	<u>4,830,953</u>	<u>9,276</u>	<u>4,840,229</u>
Expenditures			
General Administration	149,606	-	149,606
Debt Service			
Principal	4,075,000	815,000	4,890,000
Interest	1,055,976	632,358	1,688,334
Total expenditures	<u>5,280,582</u>	<u>1,447,358</u>	<u>6,727,940</u>
Excess (deficiency) of revenues over expenditures	(449,629)	(1,438,082)	(1,887,711)
Other financing sources			
Transfers in	-	1,465,859	1,465,859
Total other financing sources	<u>-</u>	<u>1,465,859</u>	<u>1,465,859</u>
Net change in fund balances	(449,629)	27,777	(421,852)
Fund balances at beginning of year	<u>2,750,836</u>	<u>2,624,983</u>	<u>5,375,819</u>
Fund balances at end of year	<u>\$ 2,301,207</u>	<u>\$ 2,652,760</u>	<u>\$ 4,953,967</u>

CAPITAL PROJECTS FUNDS

**City of Monroe School Board
Monroe, Louisiana**

**NONMAJOR CAPITAL PROJECTS FUND
Balance Sheet**

June 30, 2010

	<u>QZAB Projects</u>	<u>QZAB Series 2009</u>	<u>Capital Projects</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 238,095	\$ 1,310,913	\$ 1,797,250	\$ 3,346,258
Total assets	\$ <u>238,095</u>	\$ <u>1,310,913</u>	\$ <u>1,797,250</u>	\$ <u>3,346,258</u>
Liabilities and Fund Equity				
Liabilities				
Accounts Payable	\$ -	\$ 242,063	\$ -	\$ 242,063
Fund Equity				
Fund balance - reserved for capital projects	<u>238,095</u>	<u>1,068,850</u>	<u>1,797,250</u>	<u>3,104,195</u>
Total liabilities and fund equity	\$ <u>238,095</u>	\$ <u>1,310,913</u>	\$ <u>1,797,250</u>	\$ <u>3,346,258</u>

**City of Monroe School Board
Monroe, Louisiana**

NONMAJOR CAPITAL PROJECTS FUND

**Statement of Revenues, Expenditures,
and Changes in Fund Balances**

For the Year Ended June 30, 2010

	QZAB Projects	QZAB Series 2009	Capital Projects	Total
Revenues				
Local sources				
Interest	\$ 674	\$ 2,172	\$ 3,799	\$ 6,645
Total revenues	674	2,172	3,799	6,645
Expenditures				
Current				
Support services				
Plant services	262,935	107,367	18,426	388,728
Facility acquisition & construction	58,759	325,955	658,285	1,042,999
Total expenditures	321,694	433,322	676,711	1,431,727
Excess (deficiency) of revenues over expenditures	(321,020)	(431,150)	(672,912)	(1,425,082)
Other Financing Sources				
Proceeds from issuance of debt	-	1,500,000	-	1,500,000
Net change in fund balances	(321,020)	1,068,850	(672,912)	74,918
Fund balances at beginning of year	559,115	-	2,470,162	3,029,277
Fund balances at end of year	\$ 238,095	\$ 1,068,850	1,797,250	\$ 3,104,195

OTHER SUPPLEMENTARY DATA

This section contains information that is presented as additional analytical data.

**CITY OF MONROE SCHOOL BOARD
MONROE, LOUISIANA
SCHEDULE OF COMPENSATION PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2010**

	<u>District</u>	<u>Compensation</u>
Victoria Dayton	1	\$ 9,600
Vickie Krutzer	2	9,600
Mickey Traweek	3	10,100
Jessie Handy	4	9,600
Rodney McFarland	5	9,600
Stephanie Smith	6	9,600
Brenda Shelling	7	10,300
		<u>\$ 68,400</u>

SUPPLEMENTARY INFORMATION – GRANT ACTIVITY

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Philip A. Ragsdale, CPA
David Ray Solgnier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Sandra Harrington, CPA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City of Monroe School Board Monroe, Louisiana

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the **City of Monroe School Board** (the School Board) as of and for the year ended June 30, 2010, which collectively comprise the School Board's basic financial statements and have issued our report thereon dated December 30, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the School Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Board's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the School Board's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questions Costs listed as 10-01 and 10-02 to be material weaknesses.

**City of Monroe School Board
Monroe, Louisiana**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 10-02.

We noted certain other matters that we reported to management of the School Board in a separate letter dated December 30, 2010.

The School Board's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the School Board's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management of the School Board, others within the entity, federal awarding agencies and pass-through entities, and other entities granting funds to the School Board and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Shaffery Huffman Royalala & Siggins

(A Professional Accounting Corporation)

December 30, 2010

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

City of Monroe School Board
Monroe, Louisiana

Compliance

We have audited the **City of Monroe School Board's** (the School Board) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the major federal programs for the year ended June 30, 2010. The School Board's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Board's management. Our responsibility is to express an opinion on the School Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred.

An audit includes examining, on a test basis, evidence about the School Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School Board's compliance with those requirements.

In our opinion, the School Board complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

**City of Monroe School Board
Monroe, Louisiana**

Internal Control Over Compliance

Management of the School Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Board's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness on the School Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above.

This report is intended solely for the information and use of management of the School Board, others within the entity, federal awarding agencies and pass-through entities, and other entities granting funds to the School Board and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Huffman, Hoffmann, Reynolds, & Sigafoos

(A Professional Accounting Corporation)

December 30, 2010

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>C.F.D.A. Number</u>	<u>Pass Through Grant Number</u>	<u>Expenditures / Issues</u>
DIRECT PROGRAMS:			
U.S. DEPARTMENT OF DEFENSE			
R.O.T.C.	N/A	N/A	\$ 181,881
Total U.S. Department of Defense			<u>181,881</u>
U.S. DEPARTMENT OF EDUCATION			
Gear UP	84.334	N/A	745,080
Gear UP Carryover	84.334	N/A	10,346
Safe Schools Healthy Students	84.184	N/A	1,053,982
Safe Schools Healthy Students	84.184	N/A	612,799
Total U.S. Department of Education			<u>2,422,407</u>
Total Direct Programs			<u>2,604,288</u>
PASS THROUGH PROGRAMS:			
U. S. DEPARTMENT OF EDUCATION			
Passed through Louisiana Department of Education			
TITLE I CLUSTER			
Title I Grants to Local Educational Agencies			
Part A - Basic			
Regular Program	84.010	28-10-T1-65	5,891,311
School Improvement	84.010	28-07-TA-65	7,253
School Improvement	84.010	28-08-TA-65	156,446
School Improvement	84.010	28-09-TA-65	204,310
ARRA-Title I	84.010	28-09-A1-65	2,445,283
Total Title I Cluster			<u>8,704,603</u>
Title I Grants to Local Educational Agencies			
Part A - Basic			
School Improvement	84.377	28-08-TC-65	322,095
Total Title I School Improvement			<u>322,095</u>
SPECIAL EDUCATION CLUSTER:			
Special Education-Individuals With Disabilities Education Act IDEA B			
IDEA B			
National School Psychologists	84.027	28-10-B1-65	2,020,992
National Board Certified School Social Workers	84.027	28-09-NP-65	23,085
Nationally Certified Speech Pathologists and Audiologists	84.027	28-09-SW-65	16,532
ARRA - IDEA B	84.391	28-09-SP-65	50,796
Preschool	84.173	28-09-A1-65	1,283,727
ARRA - Preschool	84.392	H173A080082	60,193
ARRA - Preschool	84.392	28-09-AP-65	54,236
Total Special Education Cluster			<u>3,509,561</u>
Title II - Part A, Teacher and Principal Training and Recruiting			
Regular	84.367	28-10-50-65	1,128,903
Total Title II			<u>1,128,903</u>
Title IV - Safe and Drug-Free Schools and Communities - State Grants			
Regular	84.186	28-10-70-65	37,105
Total Title IV			<u>37,105</u>
21st Century	84.287		253,343
21st Century	84.287		163,240
21st Century	84.287		120,835
21st Century	84.287	28-06-1C-65	307,141
21st Century	84.287		19,783
21st Century Carryover	84.287		331,911
21st Century Carryover	84.287	28-09-6C-65	230,155
Total 21st Century			<u>1,426,408</u>

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2010**

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>C.F.D.A. Number</u>	<u>Pass Through Grant Number</u>	<u>Expenditures / Issues</u>
Educational Technology State Grants			
Technology Literacy Challenge Grant	84.318	28-07-14-65	202
Technology Literacy Challenge Grant	84.318	28-08-14-65	8,860
Technology Literacy Challenge Grant	84.318	28-09-14-65	49,290
Technology Literacy Challenge Grant	84.318	28-10-14-65	190,517
Enhancing Education Through Technology	84.318	28-09-49-65	34,309
Enhancing Education Through Technology	84.318	28-10-49-65	42,114
ARRA - Education Technology State Grants	84.386	28-09-59-65	116,419
Total Educational Technology State Grants			<u>441,711</u>
Reading First			
Reading First	84.357	28-09-RF-65	207,994
Total Reading First			<u>207,994</u>
Math & Science Partnership			
Math & Science Partnership	84.366	28-09-MP-65	82,671
Math & Science Partnership	84.366	28-08-MP-65	70,695
Total Educational Technology State Grants			<u>153,366</u>
Vocational Education			
Vocational Education	84.048	28-09-02-65	15,332
Vocational Education	84.048	28-10-02-65	187,258
Total Vocational Education			<u>202,590</u>
Title VII - ARRA Educator for Homeless Youth			
Title VII - ARRA Educator for Homeless Youth	84.387	28-09-H2-65	12,492
Total Title VII			<u>12,492</u>
ARRA - State Fiscal Stabilization Fund - Education			
ARRA - State Fiscal Stabilization Fund - Education	84.394	28-10-AS-65	1,306,083
Total State Fiscal Stabilization Fund			<u>1,306,083</u>
Total U.S. Dept. of Education Passed Through LA DOE			<u>17,452,911</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Louisiana Department of Education			
Temporary Assistance for Needy Families (TANF)			
After School for All	93.558	28-10-OS-65	254,140
The Cecil J. Picard LA 4 Early Childhood Program	93.558	28-10-36-65	160,748
Jobs for America's Graduates-LA	93.558	28-09-JS-65	4,841
Jobs for America's Graduates-LA	93.558	28-10-JS-65	44,500
Total U. S. Department of Health and Human Services Passed Through LA DOE			<u>464,229</u>
U.S. DEPARTMENT OF AGRICULTURE (USDA)			
Passed through Louisiana Department of Education			
CHILD NUTRITION CLUSTER:			
School Breakfast Program	10.553	N/A	1,054,942
School Lunch Program	10.555	N/A	2,570,519
School Snack Program	10.555	N/A	53,432
Commodities	10.555	N/A	360,139
Summer Feeding	10.559	N/A	137,447
Fresh Fruit and Vegetable Program	10.582	N/A	280,942
USDA Team Nutrition	10.574	28-09-TN-65	4,693
ARRA - NSLP School Lunch Equipment Assistance	10.579	N/A	80,527
Total Child Nutrition Cluster			<u>4,542,641</u>
Total U.S. Dept. of Agriculture Passed Through LA DOE			<u>4,542,641</u>
TOTAL PASS THROUGH PROGRAMS			<u>22,459,781</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 25,064,069</u>

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2009

A. General

The preceding Schedule of Expenditures of Federal Awards presents the activity of all Federal financial assistance programs of the City of Monroe School Board (the School Board). The School Board reporting entity is defined in Note 1 to the School Board's general purpose financial statements. All Federal financial assistance received directly from Federal agencies as well as Federal financial assistance passed through other government agencies is included on the schedule.

B. Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the School Board's financial statements.

C. Relationship to Financial Statements

The following reconciliation is provided to help the reader of the School Board's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended June 30, 2010:

	<u>Title I</u>	<u>Special Education</u>	<u>Reading First</u>	<u>Other Federal Programs</u>	<u>State Grants</u>	<u>Child Nutrition Cluster</u>
Total Expenditures	\$ 8,272,114	\$ 3,118,821	\$ 196,553	\$ 7,095,146	\$ 49,341	\$ 4,542,641
Transfer of						
Indirect Cost	<u>754,584</u>	<u>300,327</u>	<u>11,441</u>	<u>450,807</u>	<u>-</u>	<u>-</u>
Expenditures per Schedule	<u>\$ 9,026,698</u>	<u>\$ 3,419,148</u>	<u>\$ 207,994</u>	<u>\$ 7,545,953</u>	<u>\$ 49,341</u>	<u>\$ 4,542,641</u>

	<u>General Fund</u>		
	<u>Special Education</u>	<u>R.O.T.C.</u>	<u>Total</u>
Total Expenditures	\$ 90,413	\$ 181,881	\$ 23,546,910
Transfer of			
Indirect Cost	<u>-</u>	<u>-</u>	<u>1,517,159</u>
Expenditures per Schedule	<u>\$ 90,413</u>	<u>\$ 181,881</u>	<u>\$ 25,064,069</u>

Included in the Child Nutrition Cluster is \$360,139 of non-cash awards in the form of commodities provided by the United States Department of Agriculture.

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

Section I – Summary of Auditor’s Results

Financial Statements:

Type of Auditor’s Report Issued: Unqualified

Internal Control Over Financial Reporting:

Material Weaknesses identified? Yes No

Significant Deficiencies identified not considered to be material weaknesses?
 Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards:

Internal Control Over Major Programs:

Material weakness(es) identified? Yes No

Significant Deficiencies identified not considered to be material weakness(es)?
 Yes None Reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? Yes No

Dollar threshold used to distinguish between Type A and Type B programs \$751,922

Auditee qualified as low-risk auditee? Yes No

Identification of Major Programs:

<u>CFDA #</u>	<u>PROGRAM TITLE</u>
84.010A	Title I
84.389A	ARRA – Title I
84.027	Special Education (IDEA)
84.391	ARRA – IDEA-B
84.367A	Title II – Part A
84.394	ARRA - State Fiscal Stabilization Fund

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

Section II – Financial Statement Findings and Questioned Costs:

10-01 INFORMATION SYSTEMS CONTROLS

Finding:

During the rollout of new computer hardware in the School District, the School Board's capital asset records were inadvertently deleted by the deployment team contracted to perform the installation. Although the asset management software is a widely used commercial package, it was not on the School Board's network which is backed up offsite but was installed on an individual workstation and apparently had not been backed up recently. The accounting department was able to restore the lost information by restoring the latest backup and entering data from hard copies of documentation maintained by the School Board. We were unable to ascertain if the School Board has any written policies and procedures in place for backing up critical information contained on the Board's computerized systems.

A secure system of backing up information is the cornerstone of controls for any management information system. Without such a back up, the risk of loss of critical data is extremely heightened. In addition, this failure resulted in additional cost to the School Board for the overtime hours needed to restore the information and audit time in obtaining information required to conduct the audit.

Recommendation:

The School Board must ensure that all computer files are backed up daily and stored offsite. Comprehensive written policies and procedures should be developed or updated as needed for all aspects of the management information system to include security, access to systems and a disaster recovery plan.

Management's Corrective Plan:

The MIS department will work to develop written policies and procedures that will govern all aspects of the Management of School District Data. Among the areas covered will be security, disaster recovery, backup requirements and access to systems. Additionally, the District is working to implement an enterprise backup solution that will enable automatic backup routines, as well as off-site backups.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

10-02 MISUSE OF SCHOOL BOARD PROPERTY

Finding:

During the year ended June 30, 2010, the interim superintendent learned that the supervisor of the School Board's custodial staff and the warehouse removed equipment from its premises, and used and stored the equipment at private businesses throughout the Monroe area. These businesses are customers of the employee who operates a commercial cleaning and janitorial service aside from his employment with the School Board. It was also alleged that this employee may have used supplies of the School Board in the operation of his personal business.

Upon learning of the suspected misuse of equipment and supplies, the interim superintendent initiated an internal investigation of the matter. As a result of the investigation, the employee admitted that he did indeed use School Board equipment and supply samples supplied by vendors during the bidding process but denied using supplies purchased by the School Board. While some of the supplies identified in the investigation were of the same brand and types used by the School Board, no definitive identification could be made of the supplies. The investigation also revealed that the employee was using the City of Monroe School Board's address in the conduct of his personal business. He was instructed to discontinue use of the School Board's address for his personal business and to return all School Board equipment. Four pieces of equipment were returned to the School Board. The results of the investigation were forwarded to the District Attorney's office who advised the interim superintendent that the violations were misdemeanor grade unauthorized use charges.

At the completion of the investigation, the interim superintendent shared the information with the School Board. The Board voted to impose a 10 day suspension without pay and further ordered the employee to pay restitution to the School Board in the amount of \$2,000. The employee immediately served the suspension and paid the restitution.

Recommendation:

The School Board should closely monitor the activities of all employees with access to Board equipment and other assets. Periodic physical inventories should be taken of all School Board equipment. Employees should be instructed in the ethical behavior expected of them and of the consequences that will result in any violations of laws or School Board policies.

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2010

Management's Corrective Plan:

The School Board will continue to conduct periodic physical inventories of School Board equipment. Additionally, the District has installed security cameras in warehouse storage areas to monitor the activities of employees with access to District equipment and other assets. Supervisors, Managers and Administrators will receive additional training on ethical behavior.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

Summary Status of Prior Year Findings

For the Year Ended June 30, 2010

The following is a summary of the status of the prior year findings included in Luffey, Huffman, Ragsdale & Soignier's (APAC) audit report dated December 30, 2009 of the City of Monroe School Board as of and for the year ended June 30, 2009.

09-01 PAYROLL FRAUD/FALSIFYING PUBLIC RECORDS

Recommendation

The School Board should continue to monitor all claims for payment for services rendered by part-time employees or contract workers. In addition, the School Board should pursue all legal remedies in this case and seek restitution from the parties involved. The School Board should obtain an opinion from its legal counsel as to whether any ethics laws may have been violated. In the future, the School Board should notify the Legislative Auditor and District Attorney, as required by LRS 24:523, when it has knowledge of misappropriation of public funds.

Status

The District continues to monitor all claims for payment for work performed and services rendered from all employees and contract vendors. The School Board continues to notify the Legislative Auditor and District Attorney on all cases involving misappropriation of public funds.

09-02 CREDIT CARD USAGE

Recommendation

The School Board should monitor all credit card spending whether by schools or other personnel to insure compliance with laws and School Board policy. The School Board should seek restitution for all expenditures that were, in the Board's opinion, for personal benefit of the persons making the purchases. The number and type of credit cards allowed should be limited and only issued upon the approval of the Superintendent.

Status

The District has received restitution for all personal use of credit cards with the exception of the deceased person listed in finding 09-02A. The District continues to monitor expenditures on credit cards in accordance with the School District Credit Card Policy.

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

Summary Status of Prior Year Findings

For the Year Ended June 30, 2010

09-03 PAYROLL FUNCTION

Recommendation

Management should restrict access and prohibit changes to payroll data without written authorization from the Human Resources department. A supervisor independent of the payroll function should review the payroll data entered each pay period and initial the review and approval. The Human Resources department should be responsible for verifying the accuracy and propriety of all changes made to payroll data to include changes to pay rates, salary table payroll deductions and adding new employees. The Human Resources department should also compare and verify all payroll deduction changes to properly approved written authorization forms maintained in its personnel files. All authorizations for direct deposit should be submitted to and entered into the system by the Human Resources department.

Management should ensure that all employees complete and sign an absentee/leave slip for all leave taken. The leave slip should be approved by a supervisor and be attached to the time reports submitted to the payroll department for processing.

Status

The School District has taken steps to provide for improved internal controls by adequately segregating duties between the Human Resources and Payroll departments. A longtime employee, formerly house in the payroll department has been moved to the Human Resources department to handle setting up employees, along with other functions. However, the payroll department actually prints and distributes payroll checks.

MANAGEMENT LETTER

Recommendation

It was recommended that management of the School Board review and document the internal control of the School Board using the COSO framework in order that management and the Board may discharge their responsibility to design and implement controls and monitor those controls for effectiveness over time. As part of this review and documentation, the School Board should utilize the comments and recommendations included in the Louisiana Legislative Auditor's Advisory Services Report dated January 21, 2009 which was based on the *Checklist of Best Practices in Government*.

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

Summary Status of Prior Year Findings

For the Year Ended June 30, 2010

Status

The District has many existing procedures in place that provide for effective internal control. The district continues to evaluate the internal control procedures and develop written documentation for the control activity component as outlined in the Committee of Sponsoring Organizations of the Treadway Commission Report (COSO). We are also developing documentation for the Control Environment, Risk Assessment, Information and Communication, and Monitoring which are the other components of COSO.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

OTHER INFORMATION

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Phillip A. Ragsdale, CPA
David Ray Soignier, CPA, MBA

John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Sandra Harrington, CPA

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES FOR THE YEAR ENDED JUNE 30, 2010

CITY OF MONROE SCHOOL BOARD MONROE, LOUISIANA

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of City of Monroe School Board (the School Board) and the Legislative Auditor, State of Louisiana (collectively, the Specified Users), solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of City of Monroe School Board and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education (BESE). This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the Specified Users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings relate to the accompanying schedules required by state law and are as follows:

General Fund Instructional and Support Expenditures and Certain Local Revenue Sources (Schedule 1)

1. We selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures,
 - Total General Fund Equipment Expenditures,
 - Total Local Taxation Revenue,
 - Total Local Earnings on Investment in Real Property,
 - Total State Revenue in Lieu of Taxes,
 - Nonpublic Textbook Revenue, and
 - Nonpublic Transportation Revenue.

**City of Monroe School Board
Monroe, Louisiana**

Education Levels of Public School Staff (Schedule 2)

2. We reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to School Board supporting payroll records as of October 1st.
3. We reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant principals per this schedule.
4. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. We traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's education level was properly classified on the schedule.

Number and Type of Public Schools (Schedule 3)

5. We obtained a list of schools by type as reported on the schedule. We compared the list to the schools and grade levels as reported on the Title I Grants to Local Educational Agencies (CFDA 84.010) application and/or the National School Lunch Program (CFDA 10.555) application.

Experience of Public Principals and Full-time Classroom Teachers (Schedule 4)

6. We obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Public School Staff Data (Schedule 5)

7. We obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired retiree status as well as full-time equivalent as reported on the schedule and traced a random sample of 25 teachers to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.
8. We recalculated the average salaries and full-time equivalents reported in the schedule.

**City of Monroe School Board
Monroe, Louisiana**

Class Size Characteristics (Schedule 6)

9. We obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. We then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Louisiana Educational Assessment Program (LEAP) for the 21st Century (Schedule 7)

10. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

The Graduation Exit Exam for the 21st Century (Schedule 8)

11. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

The iLeap Tests (Schedule 9)

12. We obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by the School Board.

Our twelve procedures enumerated above did not disclose any exceptions.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Specified Users, the Louisiana Department of Education and the Louisiana Legislature and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Huffman, Hoffmann, Rogstad, & Seigrist

(A Professional Accounting Corporation)

December 30, 2010

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2010

Schedule 1 - General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 - Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant principal's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 - Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 - Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 - Public School Staff Data: Average Salaries

This schedule includes average classroom teachers salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 - Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual School Report (ASR).

Schedule 7 - Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and includes summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

**CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana**

**Schedules Required by State Law (R.S. 24:514 - Performance and Statistical Data)
As of and for the Year Ended June 30, 2010**

Schedule 8 - Graduation Exit Examination (GEE)

This schedule represents student performance testing data and includes summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Proficient, Basic, Approaching Basic, and Unsatisfactory. This schedule includes three years of data.

Schedule 9 -iLEAP Tests

This schedule represents student performance testing data and includes a summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes three years of data.

CITY OF MONROE SCHOOL BOARD
Monroe, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
Fiscal Year Ended June 30, 2010**

General Fund Instructional and Equipment Expenditures**General Fund Instructional Expenditures:****Teacher and Student Interaction Activities:**

Classroom Teacher Salaries	\$	19,251,722	
Other Instructional Staff Activities		2,703,120	
Employee Benefits		8,793,198	
Purchased Professional and Technical Services		2,075	
Instructional Materials and Supplies		286,363	
Instructional Equipment		103,414	
Total Teacher and Student Interaction Activities	\$		31,139,892
Other Instructional Activities			106,339
Pupil Support Activities		2,524,472	
Less: Equipment for Pupil Support Activities		-	
Net Pupil Support Activities		-	2,524,472
Instructional Staff Services		1,839,606	
Less: Equipment for Instructional Staff Services		-	
Net Instructional Staff Services		-	1,839,606
Total General Fund Instructional Expenditures	\$		<u>35,610,309</u>

Total General Fund Equipment Expenditures**\$ 2,363,502****Certain Local Revenue Sources****Local Taxation Revenue:**

Constitutional Ad Valorem Taxes	\$	2,426,657	
Renewable Ad Valorem Tax		6,936,868	
Debt Service Ad Valorem Tax		-	
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes			316,096
Sales and Use Taxes		-	
Total Local Taxation Revenue	\$		<u>9,679,621</u>

Local Earnings on Investment in Real Property:

Earnings from 16th Section Property	\$	-	
Earnings from Other Real Property		-	
Total Local Earnings on Investment in Real Property	\$		<u>-</u>

State Revenue in Lieu of Taxes:

Revenue Sharing-Constitutional Tax	\$	298,850	
Revenue Sharing-Other Taxes		-	
Total State Revenue in Lieu of Taxes	\$		<u>298,850</u>

Nonpublic Transportation Revenue

\$ -

Nonpublic Textbook Revenue

\$ 17,073

Schedule 2

CITY OF MONROE SCHOOL BOARD
Education Levels of Public School Staff
As of October 1, 2009

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	2	0%	-	0%	-	-	-	-
Bachelor's Degree	361	55%	3	1%	-	-	-	-
Master's Degree	177	27%	1	0%	7	26%	-	-
Master's Degree +30	108	16%	-	0%	17	63%	-	-
Specialist in Education	3	0%	-	0%	1	4%	-	-
Ph.D. or Ed.D.	5	1%	-	0%	2	7%	-	-
Total	656	99%	4	1%	27	100%	-	-

CITY OF MONROE SCHOOL BOARD
Number and Type of Public Schools
Fiscal Year Ended June 30, 2010

<u>Type</u>	<u>Number</u>
Elementary	12
Middle/ Junior High	3
Secondary	4
Combination	1
Total	20

CITY OF MONROE SCHOOL BOARD
Experience of Public Principals and Full-time
Classroom Teachers
As of October 1, 2009

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	-	-	-	2	-	2	3	7
Principals	-	-	-	3	4	6	7	20
Classroom Teachers	62	69	169	67	91	81	121	660
Total	62	69	169	72	95	89	131	687

CITY OF MONROE SCHOOL BOARD
Public School Staff Data
As of June 30, 2010

	All Classroom Teachers	Classroom Teachers Excluding ROTC and Rehired Retirees
Average Classroom Teachers' Salary Including Extra Compensation	\$51,301	\$51,005
Average Classroom Teachers' Salary Excluding Extra Compensation	\$50,826	\$50,559
Number of Teacher full-time Equivalent (FTEs) used in Computation of Average Salaries	660	642

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers and ROTC teachers receive more compensation because of federal supplement. Therefore, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes and temporary employees.

CITY OF MONROE SCHOOL BOARD
Class Size Characteristics
As of October 1, 2009

School Type	Class Size Range											
	1 - 20		21-26		27 - 33		34+					
	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	74%	1,419	26%	501	0%	7	0%	1	0%	1	0%	1
Elementary Activity Classes	72%	157	27%	59	0%	3	0%	-	0%	-	0%	-
Middle/Jr. High	80%	460	17%	97	4%	21	0%	-	0%	-	0%	-
Middle/Jr. High Activity Classes	86%	108	11%	14	3%	4	0%	-	0%	-	0%	-
High	76%	849	19%	209	5%	58	0%	-	0%	-	0%	-
High Activity Classes	86%	126	6%	8	5%	7	3%	5	3%	5	3%	5
Combination	100%	52	0%	-	0%	-	0%	-	0%	-	0%	-
Combination Activity Classes	100%	6	0%	-	0%	-	0%	-	0%	-	0%	-
		3,177		888		100		6		6		6

Note: The Board of Elementary and secondary education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and the maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education classes, band and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

CITY OF MONROE SCHOOL BOARD
Louisiana Educational Assessment Program (LEAP) for the 21st Century
Three Fiscal Years Ended June 30, 2010

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students Grade 4												
Advanced	42	6%	19	3%	29	5%	80	12%	16	2%	29	4%
Mastery	174	26%	149	23%	158	24%	176	26%	84	13%	134	20%
Basic	300	44%	358	56%	323	49%	285	42%	348	54%	328	50%
Approaching Basic	110	16%	94	15%	115	17%	89	13%	140	22%	110	17%
Unsatisfactory	55	8%	21	3%	36	5%	51	7%	53	8%	60	9%
Total	681		641		661		681		641		661	

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students Grade 4												
Advanced	35	5%	25	4%	15	2%	49	7%	16	3%	8	1%
Mastery	121	18%	94	15%	109	17%	144	21%	86	13%	95	14%
Basic	340	50%	342	53%	322	49%	356	52%	361	56%	353	54%
Approaching Basic	148	22%	141	22%	168	25%	94	14%	128	20%	134	20%
Unsatisfactory	42	6%	39	6%	47	7%	42	6%	49	8%	70	11%
Total	686		641		661		685		640		660	

CITY OF MONROE SCHOOL BOARD
Louisiana Educational Assessment Program (LEAP) for the 21st Century
Three Fiscal Years Ended June 30, 2010

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students Grade 8												
Advanced	11	2%	4	1%	6	1%	11	2%	22	4%	12	2%
Mastery	36	6%	57	9%	39	6%	17	3%	21	3%	23	3%
Basic	219	38%	247	39%	270	40%	224	39%	228	36%	283	41%
Approaching Basic	223	39%	254	41%	235	34%	188	33%	187	30%	196	29%
Unsatisfactory	82	14%	65	10%	133	20%	131	23%	170	27%	169	25%
Total	571		627		683		571		628		683	

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Students Grade 8												
Advanced	3	1%	8	1%	1	0%	2	0%	4	1%	2	0%
Mastery	44	7%	65	10%	50	7%	31	5%	36	6%	32	5%
Basic	199	33%	171	27%	214	31%	260	43%	229	37%	241	35%
Approaching Basic	228	38%	231	37%	214	31%	159	27%	189	30%	228	33%
Unsatisfactory	126	21%	148	24%	202	30%	146	24%	163	26%	179	26%
Total	600		623		681		598		621		682	

CITY OF MONROE SCHOOL BOARD
The Graduation Exit Exam (GEE) for the 21st Century
Three Fiscal Years Ended June 30, 2010

District Achievement Level Results	English Language Arts						Mathematics					
	2010		2009		2008		2010		2009		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced	3	1%	7	2%	5	1%	30	7%	25	6%	36	8%
Mastery	60	14%	34	8%	39	9%	75	18%	60	14%	62	14%
Basic	196	47%	190	44%	205	45%	201	48%	220	50%	195	3%
Approaching Basic	118	28%	146	34%	125	27%	62	15%	77	18%	1	18%
Unsatisfactory	39	9%	58	13%	82	18%	49	12%	52	12%	83	18%
Total	416		435		456		417		434		377	

District Achievement Level Results	Science						Social Studies					
	2010		2009		2008		2010		2009		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced	6	2%	8	2%	5	2%	3	1%	2	1%	5	2%
Mastery	32	9%	43	12%	26	8%	17	5%	35	10%	16	5%
Basic	149	43%	131	37%	140	2%	186	54%	149	42%	182	54%
Approaching Basic	96	28%	108	30%	108	32%	80	23%	102	29%	78	23%
Unsatisfactory	62	18%	65	19%	55	17%	59	17%	66	19%	54	16%
Total	345		355		334		345		354		335	

CITY OF MONROE SCHOOL BOARD
ILEAP Tests
Three Fiscal Years Ended June 30, 2010

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	14	2%	34	5%	7	1%	18	3%
Mastery	125	18%	99	14%	62	9%	76	11%
Basic	303	44%	309	45%	262	38%	311	5%
Approaching Basic	158	23%	140	20%	239	35%	183	27%
Unsatisfactory	89	13%	107	16%	119	17%	100	15%
Total	689		689		689		688	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	16	3%	37	8%	4	1%	21	4%
Mastery	79	16%	43	9%	57	12%	69	14%
Basic	233	47%	218	44%	186	38%	209	42%
Approaching Basic	113	23%	105	21%	161	33%	120	24%
Unsatisfactory	53	11%	91	18%	86	17%	75	15%
Total	494		494		494		494	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	8	1%	35	6%	5	1%	7	1%
Mastery	59	10%	49	9%	46	8%	41	4%
Basic	305	54%	280	49%	253	44%	248	44%
Approaching Basic	126	22%	88	15%	184	32%	175	31%
Unsatisfactory	72	13%	118	21%	82	14%	99	17%
Total	570		570		570		570	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2008		2008		2008		2008	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	20	3%	5	1%	1	0%	2	0%
Mastery	70	11%	32	5%	52	8%	24	4%
Basic	250	40%	270	43%	187	30%	261	42%
Approaching Basic	194	31%	156	25%	214	34%	176	28%
Unsatisfactory	89	14%	160	26%	168	27%	159	26%
Total	623		623		622		622	

District Achievement Level Results	English Language Arts		Mathematics	
	2008		2008	
	Number	Percent	Number	Percent
Grade 9				
Advanced	6	1%	12	2%
Mastery	39	6%	23	3%
Basic	270	40%	283	41%
Approaching Basic	235	34%	196	29%
Unsatisfactory	133	20%	169	25%
Total	683		683	

(Continued)

CITY OF MONROE SCHOOL BOARD
ILEAP Tests
Three Fiscal Years Ended June 30, 2010

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	46	7%	49	7%	29	4%	16	2%
Mastery	165	24%	134	19%	128	18%	178	26%
Basic	307	4%	311	45%	289	42%	317	46%
Approaching Basic	112	16%	119	17%	183	26%	109	16%
Unsatisfactory	64	6%	81	12%	65	9%	72	10%
Total	694		694		694		692	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	15	2%	27	4%	6	1%	38	6%
Mastery	107	18%	62	10%	93	15%	76	13%
Basic	291	48%	319	53%	269	45%	313	52%
Approaching Basic	126	21%	97	16%	164	27%	117	19%
Unsatisfactory	65	11%	99	16%	72	12%	60	10%
Total	604		604		604		604	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	18	4%	47	9%	5	1%	23	5%
Mastery	83	17%	64	13%	60	12%	38	8%
Basic	249	50%	263	52%	218	43%	215	43%
Approaching Basic	105	21%	69	14%	175	35%	144	29%
Unsatisfactory	47	9%	59	12%	44	9%	82	16%
Total	502		502		502		502	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2009		2009		2009		2009	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	13	2%	17	3%	3	1%	2	0%
Mastery	42	8%	50	9%	67	12%	60	11%
Basic	242	44%	276	50%	240	44%	259	47%
Approaching Basic	182	33%	132	24%	158	29%	138	25%
Unsatisfactory	74	13%	80	14%	82	15%	91	17%
Total	553		555		550		550	

District Achievement Level Results	English Language Arts		Mathematics	
	2009		2009	
	Number	Percent	Number	Percent
Grade 9				
Advanced	3	1%	24	4%
Mastery	47	7%	55	8%
Basic	354	53%	291	44%
Approaching Basic	207	31%	161	24%
Unsatisfactory	57	9%	137	21%
Total	668		668	

(Continued)

CITY OF MONROE SCHOOL BOARD
ILEAP Tests
Three Fiscal Years Ended June 30, 2010

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	33	5%	45	7%	27	4%	29	4%
Mastery	163	24%	130	19%	116	17%	132	19%
Basic	322	47%	311	46%	314	46%	340	50%
Approaching Basic	109	16%	132	19%	176	26%	115	17%
Unsatisfactory	52	8%	61	9%	46	7%	63	9%
Total	679		679		679		679	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	24	4%	37	6%	10	2%	21	4%
Mastery	134	23%	76	13%	90	16%	92	16%
Basic	265	46%	306	53%	278	48%	306	53%
Approaching Basic	110	19%	79	14%	149	26%	108	19%
Unsatisfactory	46	8%	81	14%	51	9%	51	9%
Total	579		579		578		578	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	18	3%	16	3%	9	2%	55	10%
Mastery	102	18%	59	10%	73	13%	68	12%
Basic	294	52%	324	58%	275	49%	234	42%
Approaching Basic	104	19%	86	15%	160	29%	122	22%
Unsatisfactory	44	8%	77	14%	44	8%	82	15%
Total	562		562		561		561	

District Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	26	5%	38	8%	6	1%	12	2%
Mastery	46	10%	44	9%	67	14%	67	14%
Basic	196	41%	210	44%	147	31%	215	46%
Approaching Basic	142	30%	110	23%	172	36%	107	23%
Unsatisfactory	64	14%	75	16%	81	17%	69	15%
Total	474		477		473		470	

District Achievement Level Results	English Language Arts		Mathematics	
	2010		2010	
	Number	Percent	Number	Percent
Grade 9				
Advanced	11	2%	31	5%
Mastery	67	10%	54	8%
Basic	297	45%	301	46%
Approaching Basic	208	32%	137	21%
Unsatisfactory	77	12%	131	20%
Total	660		654	

(Concluded)

LUFFEY, HUFFMAN, RAGSDALE & SOIGNIER

(A PROFESSIONAL ACCOUNTING CORPORATION)
CERTIFIED PUBLIC ACCOUNTANTS

John L. Luffey, MBA, CPA (1963-2002)
Francis I. Huffman, CPA
Phillip A. Ragsdale, CPA
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John Herman, CPA
Lynn Andries, CPA
Esther Atteberry, CPA
Sandra Harrington, CPA

MANAGEMENT LETTER

City of Monroe School Board Monroe, Louisiana

In planning and performing our audit of the financial statements of the City of Monroe School Board (the School Board) for the year ended June 30, 2010, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit, we became aware of certain matters that are opportunities for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated December 30, 2010 on the financial statements of the School Board.

Documentation of Internal Control

Management of the School Board is charged with establishing and maintaining internal control and to assess internal control for effectiveness in design and operation. Those components are outlined in the Committee of Sponsoring Organizations of the Treadway Commission Report (commonly referred to as the COSO Report, or COSO) and consist of the Control Environment; Risk Assessment; Control Activities; Information and Communication; and Monitoring. While certain elements of the components of internal control exist and certain aspects of the control activities have been documented, the School Board does not possess written documentation of all components of internal control over School Board operations.

For management and those charged with governance to properly discharge their responsibility to establish and maintain internal control, there must exist a level of documentation of internal control sufficient to allow them to assess operating effectiveness and design, not just at a point in time, but over a period of time. As circumstances change, controls should be re-evaluated for ongoing effectiveness.

Management's Response:

The District has many existing procedures in place that provide for effective internal control. The district has evaluated the internal control procedures and has developed written documentation for the control activity component as outlined in the Committee of Sponsoring

**City of Monroe School Board
Monroe, Louisiana
Management Letter
Page 2 of 2**

Organizations of the Treadway Commission Report (COSO). We are also developing documentation for the Control Environment, Risk Assessment, Information and Communication, and Monitoring which are the other components of COSO. Likewise, the District has utilized many available resources, such as the COSO framework.

Maintenance of Personnel Files

Finding:

During our compliance test of payroll transactions, we noted that a significant number of School Board personnel files did not contain required federal and state withholding forms. From a sample of 60 personnel files, we observed 23 files which did not contain a State of Louisiana Employee Withholding Exemption Certificate, Form L-4. We also noted that 9 personnel files did not contain a Federal Form W-4, Employee's Federal Withholding Allowance Certificate. In addition to the missing withholding forms, we noted that 7 files did not contain INS I-9 forms. INS-9 forms are required for employees hired on or after November 6, 1986 and must be kept on file for 3 years after the date a person is hired or 1 year after the person's employment is terminated, whichever is longer. These forms are required for federal and state tax withholding purposes, as well as to verify an employee's eligibility to work in the United States.

Recommendation:

School Board personnel should review personnel files to ensure that all required federal and state forms are present in each employee's file. Also, all employees should be offered new withholding forms at the beginning of each calendar year to ensure compliance with federal and state laws.

Management's Corrective Action Plan:

The School Board will review personnel files to make sure the required federal and state forms are present.

Huffey, Huffman, Rogstad, & Squires

(A Professional Accounting Corporation)

December 30, 2010